Getting tomorrow ready

GMR Infrastructure Limited
12th Annual Report 2007-08

Uncovering the Cover

The infinite Deep Blue sets the boundless space of infrastructure needs we seek to serve through our projects. The two surging arrows, together forming , capture the 'M'omentum of the 'M'ission that we have chiseled for ourselves. While the Red depicts the fiery energy of our momentum, the Yellow represents piety of the mission. We spent nearly a decade to reach the position where we are today and we all at GMR pledge to work tirelessly to reinforce and sustain our position as a proactive participant in mankind's grand enterprise to create a better world and a better tomorrow.

Contents

Infrastructure – the building block	01
General Information	02
GMR's Values & Beliefs	03
Chairman's letter to shareholders	04
Financial Highlights	08
Getting tomorrow ready	10
Corporate Social Responsibility	25
GMR Group Entities	27
Directors' Report	28
Corporate Governance Report	38
Management Discussion & Analysis	54
Consolidated Financial Results	77
Standalone Financial Results	113

Infrastructure.
The building block of economic growth.

Infrastructure is a sine qua non for the creation and sustenance of an economy. It forms the foundation of an economy, reinforces its structure and integrates it into productive system. It is economy's spinal cord that builds, shapes, nourishes, energizes and synergizes its existence, growth and continued incremental progress.

Economic activity produces the goods and services required for human existence and advancement. The growth of an economy is nothing but the increase in the speed at which the goods and services are produced and rendered. Higher the speed of an economy, the greater is its growth and the prosperity of its people. Infrastructure facilities constitute the most important velocity enablers of an economy and thus have a conclusive bearing on the well being of its community. An economy shuts off without power; stands still without roads, ports, railways, ships and planes; goes mute without telecommunications. Therefore, building these speed ingredients is not only necessary for creation of an economy but also to sustain its growth.

Also, a society becomes functional and productive only when it is empowered by social infrastructure such as housing, schools, hospitals etc. Hence, the role of infrastructure for human existence and its advancement needs no emphasis.

Continuous investment in economic and social infrastructure is at the core of a prosperous economy and a happy and productive living of its community. It is the root of the fruit of a thriving society. It is the building block of a wealthy economy. It is the meaningful means for a desired quality of life. It is the enabler for reaping the purposeful fulfillment for which we all live our lives.

General Information

Board of Directors

G. M. Rao	- Executive Chairman
Srinivas Bommidala	- Group Director
G. B. S. Raju	- Managing Director & Group CFO
Kiran Kumar Grandhi	- Group Director
B. V. N. Rao	- Group Director
K. Balasubramanian	- Director
O. B. Raju	- Director
Arun K. Thiagarajan	- Independent Director
K. R. Ramamoorthy	- Independent Director
Dr. Prakash G. Apte	- Independent Director
R. S. S. L. N. Bhaskarudu	- Independent Director
T. R. Prasad	- Independent Director
Udaya Holla	- Independent Director
Uday M. Chitale	- Independent Director

Company Secretary & Compliance Officer

A. S. Cherukupalli

Audit Committee

K. R. Ramamoorthy	- Chairman
Arun K. Thiagarajan	- Member
Udaya Holla	- Member
Uday M. Chitale	- Member

Shareholders' Transfer & Grievance Committee

Udaya Holla	- Chairman
K.R. Ramamoorthy	- Member
G. B. S. Raju	- Member
B. V. N. Rao	- Member

Bankers

Central Bank of India

ICICI Bank Limited

ING Vysya Bank Limited

United Bank of India

Statutory Auditors

Price Waterhouse
Chartered Accountants
8-2-293/82/A/1131A, Road No 36,
Jubilee Hills, Hyderabad - 500 034.

Registered Office

Skip House, 25/1, Museum Road
Bangalore - 560 025
Tel No. : 080 40534000
Fax: 080 22213091
Website: www.gmrgroup.in

Registrar and Share Transfer Agent

Karvy Computershare Private Limited
No. 17-24, Vittalrao Nagar, Madhapur
Hyderabad - 500 081

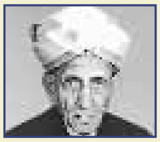
GMR's Values and Beliefs

Humility

We value intellectual modesty and detest false pride and arrogance. We encourage our employees to openly admit what they don't know and learn from others - irrespective of age, level and hierarchy. As a proactive organisation, we strongly believe that actions speak louder than words. We also believe that we may not have all the answers and are open to suggestions and solutions from others.

Social responsibility

We encourage our employees to anticipate and address the emerging needs of the society as a responsible corporate citizen. We treat the community around us as our friends and family. We are sensitive to diversity among people and their various cultures. Our staff members are empowered to contribute their personal time and effort for community development and other social causes.



Deliver the promise

We value a deep sense of responsibility and self-discipline. Everyone at GMR is committed to outperform the commitments they make. We strive for high performance and stretch our goals to surpass industry benchmarks. We encourage feedback on our performance and devise sustainable methods for continuous improvement. We endeavour to be always dependable and punctual. To us, deadlines are sacred. Stakeholders are duly informed about any operational slippage or delay. We never make promises that cannot be delivered and always make ourselves accountable without being supervised.

Learning

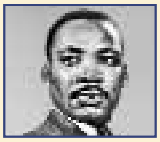
We nurture active curiosity - a questioning mind for learning, knowledge sharing and improvement. We believe knowledge can be gained from all irrespective of their age, level or hierarchy. To us mistakes and failures are opportunities to learn and make new beginnings intelligently. We encourage feedback, document improvements and share our learning and information openly. Our employees are provided with adequate resources and rewarded for innovative and breakthrough ideas.

Teamwork and relationships

We cultivate a borderless interaction among the employees, discouraging functional or departmental protection. We have institutionalised cross-functional and self-governing teams. We appreciate those who take personal responsibility for mistakes and failures and share credit for success with others. We praise employees in public but do not embrass them openly. We are open to differences and dissent, check for minority views and seek consensus as often as possible. We advocate transparency and honesty in communication with no hidden agenda. We celebrate success, encourage fun at work and promote collaboration and team rewards. Employees at GMR stay committed to team decisions and do not distort or advocate a contrary position after the team has come to a consensus. They strive for win-win solutions and subordinate their ego and desires for the larger good of the team and the organisation.

Entrepreneurship

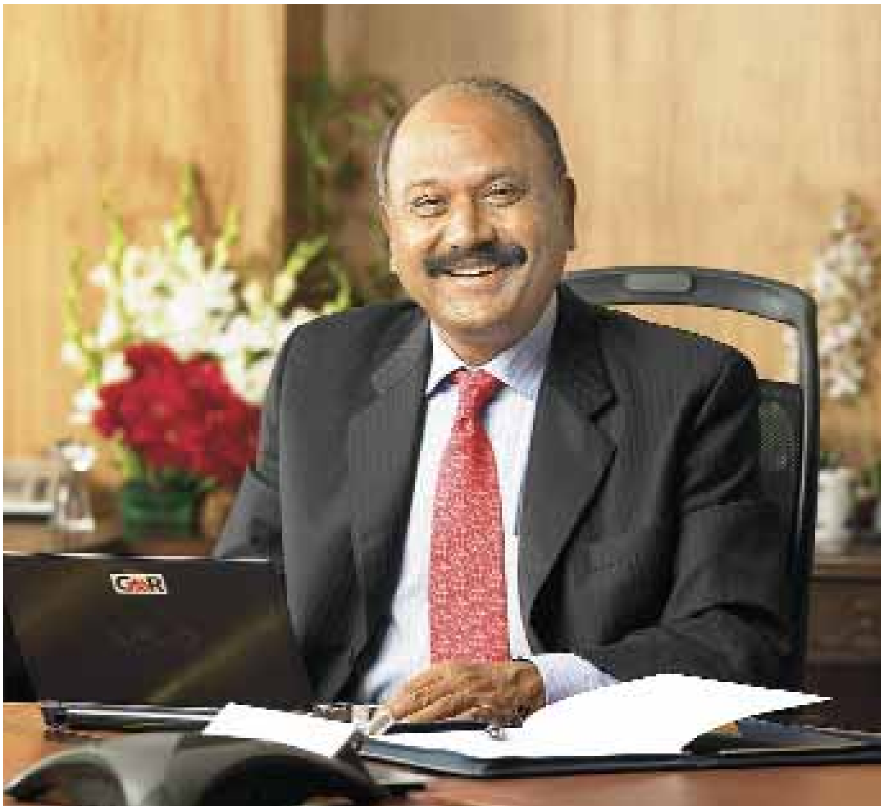
We seek opportunities because we believe opportunities exist everywhere. We scan every development in the marketplace, keep an ear to the ground and stay alert to catch the opportunity at the earliest. We have developed a mindset to think out of the box and a capability to smell an opportunity in every problem and in every risk we encounter. We believe in taking calculated risks and making informed judgements. We encourage our employees not to be afraid of taking tough decisions if they see value beyond cost. We share entrepreneurial experiences among ourselves and build an enterprising culture.



Respect for individual

Every member of Team GMR diligently follows the values and ethics of the Company. We always treat each other with dignity, sensitivity and honour. We strongly advocate treating others the way we ourselves would like to be treated. We discourage rumours and gossip and denigration of individuals. To us the message is more important than the messenger. We take a holistic view, acknowledging both the strengths and shortcomings of every person. We respect others' time and always try to be punctual. We provide regular feedback, talk straight and encourage candour at all levels. People likely to be adversely affected by any of our decisions are informed well before the impact.

Chairman's letter to the shareholders



"Our endeavour is to build and provide state-of-the-art infrastructure assets and services."

Dear Shareholders,

I have immense pleasure in presenting the Twelfth Annual Report of your Company.

Before I take you through the landmark achievements of your Company for the year, let me dwell upon briefly the unfolding global economic scenario and the possible impact thereof on the domestic industry, in particular on the Infrastructure Sector. The global economy is in the grip of uncertainty and downside risks persist. With the unbridled rise in crude and commodity prices, inflation has hit the levels that have not been witnessed in the last decade. The world environment has become highly inflationary. The continued deterioration in global macros in the backdrop of the turbulence that has gripped the financial markets since mid 2007, triggered by the sub-prime mortgage crisis, had its reverberations in the growth momentum of emerging economies like China and India. Tighter monetary policies to curb the inflationary pressures have impacted the growth momentum of all economies. Global stock markets are plunging into scary depths, seriously impairing the ability of the corporates to raise equity capital. Both debt and equity investors have turned tentative in their outlook and are increasingly becoming skeptical about future. Emerging markets like ours witnessed highly volatile equity markets and capital flows.

Back home, oil and commodity prices have driven inflation to double digit level, pushing it close to 12 per cent; prospects of moderation in the immediate term appear dim. To curb inflationary pressures, the Reserve Bank of India raised the cash reserve ratios to a high of 8.75 percent and also its key lending rate to banks, the repo rate. Commercial banks, in response, have hiked their lending rates; liquidity is becoming increasingly tighter. Global capital flows into our markets are significantly declining. GDP growth forecasts are tending southwards. Current account and fiscal deficits are on the rise. With the crude prices reaching unprecedented levels and coupled with the steeply declining investment flows and rising deficits, the rupee is coming under intense pressure. The fall out of all these macro trends has adversely impacted investors' confidence in the stock market. Indian corporates have lost nearly 40% of their market cap. Also political uncertainties are looming large. The business optimism that existed in the bullish times just six months ago appears to have ceded grounds to a cautious stance.

Life and business go through changing seasons. Business cycles come and go; tougher people survive tough times and reap the gains of boom times. In times of great stress or adversity, it is always best to focus our energy onto positive aspects, firming up on the medium term strategy and without losing sight of long term growth needs of the economy. Hence, while addressing the current challenges thrown up by the current macro-economic developments, we also need to look beyond the current pains and plan for the long term growth. The endeavour to build infrastructure assets should continue so that India will have ready-to-use infrastructure goods and services to accelerate its growth when boom times begin again. At GMR, we believe that we have to build today for tomorrow and build at a scale that will meet the demand of the future. We will, therefore, relentlessly continue to pursue our thrust in the infrastructure building of our country even when the economy is going through this cooling off period.

Infrastructure building, needless to stress, is the much needed backbone for our economy, on which lies the future economic growth. Whatever be the times we are passing through, planning and building this spinal cord for the economy should continue without slowdown to achieve long term sustained growth. I am pleased that the policy direction for infrastructure creation is well in place. Government estimates indicate an investment of USD 494 billion (source: Planning Commission) during the Eleventh Plan on the country's infrastructure. This nation building process requires enormous capital. The current situation of expensive capital and construction commodities makes the infrastructure building expensive, making the whole economy a high cost one, impairing its competitive position in the global markets. Hence making available the capital and building material at competitive prices for infrastructure sector, particularly in the current inflationary conditions, is imperative for our long term sustained growth and competitiveness. Government should play supportive and visionary role in this regard to promote and encourage the infrastructure creation by private sector during these ongoing conditions of expensive credit and inflation. As an infrastructure development company, we are committed and privileged to contribute to this nation building process in our own measure and generate a multiplier societal impact.

Business Developments and Financials

The year that has gone by gives us a great sense of fulfillment in our long journey of deep commitment to contribute to India's growth through our projects. On 14th March, 2008, a new beginning dawned in Indian Aviation Infrastructure Sector, when the inauguration plaque was unveiled to dedicate to the nation the landmark Rajiv Gandhi International Airport in Hyderabad (RGIA), India's first Greenfield airport to be operationalized through a public-private partnership. This airport, a joint venture of GMR, MAHB Malaysia, Government of Andhra Pradesh and the Airports Authority of India, has been benchmarked with the best airports of the world, emphasizing our commitment to provide India with infrastructure of global quality. I am confident that RGIA will gradually change the economic landscape of Hyderabad and the region and will bring new treasures of prosperity to the people.

As you are aware, your Company is in the business of building and operating infrastructure projects. We identify, develop, build and operate infrastructure assets in Airports, Energy, Highways and Urban Infra Sectors, that last for generations and form part of the foundation of sustained economic growth. Our endeavor is to build and provide state-of-the-art infrastructure assets and services in partnership with world class associates. Even as we report significant achievements over the year, we recognize that the opportunities are enormous.

To align our diverse infrastructure development capabilities on one hand and growing global opportunities on the other, as a new initiative during the year we created an International Business Division, headquartered at London. As part of this global aspiration and to further actualize our commitment to build world class assets and to access global capital and talent, we have ventured beyond the seas to set up and manage infra projects. We have won the mandate, as a consortium with Limak Insaat San Ve Tie A.S and Malaysian Airport Holding Berhad, to operate and expand Sabiha Gokcen International Airport at Istanbul, Turkey. We have also acquired 50% stake in Intergen N.V., which operates 8086 MW of installed capacity across four continents and is further developing power projects aggregating to 4680 MW. This acquisition has made us the largest private power sector player in India.

Other overseas projects and investments during the year are as under:

- Acquired 80% stake in Himtal Hydro Power Company Private Limited, Nepal, which has 30 year concession to develop 250 MW Hydro Project on Marsyangdi River.
- Won a competitive bid for the development of 300 MW Upper Karnali, Nepal, and Hydro Project

We firmly believe that a global slowdown cannot stagger the growth of companies with strong core values and systems. We feel that such a slowdown will, on the contrary, serve as a business advantage; it will enable us to develop critical competencies that would otherwise not have been possible in a booming environment. The foundation of people, processes, systems and organisational flexibility will differentiate your Company from competitors.

on 30 year concession. The Company will have 73% equity stake in this project.

- Acquired 10% stake in Homeland Mining and Energy SA (Pty) Limited, South Africa, with a further option to acquire additional 40% stake.

In the domestic space, we made a foray into the SEZ Sector (Urban Infra) this year. We also built a significant pipeline of projects in the Energy Sector in India. A brief summary of this pipeline of projects and the significant developments during the year are given below:

- The Company was selected by the Tamil Nadu Industrial Development Corporation (TIDCO) to develop a 3,300-acre SEZ in Krishnagiri District. The land acquisition process is underway. We expect to procure a majority of our land requirements by October 2008. GMR Krishnagiri SEZ Limited, a Joint Venture special purpose company between the Company and TIDCO has undertaken the development of this SEZ.
- GMR Hyderabad International Airport Limited received the approval for one aviation SEZ and another Multi-product SEZ of 250 acres each.
- GMR Kamalanga Energy Limited was incorporated to take up the development of 1050 MW coal fired power project in Orissa. Since signing the PPAs for 100% capacity last year, the project has secured its fuel sourcing requirements through a coal linkage as well as coal block allocation from Ministry of Coal, Government of India (GoI).
- Won a competitive bid for the development of a 180 MW Bajoli-Holi hydro project on 40 year concession basis in Himachal Pradesh.
- The development work of 160 MW Talong Hydro Project in Arunachal Pradesh is progressing as per schedule.
- The capacity of Badrinath Hydro Project has been increased to 300 MW from the original 140 MW.

The progress of up-gradation work of Delhi Airport is on schedule. The third runway will be commissioned by September, 2008. The up-gradation work of International Terminal was completed in June 2008, while that of the Domestic Terminal will be completed in the next few months. The construction of the new Integrated Terminal Building, scheduled to be completed by March, 2010 is progressing well on track.

All four highway projects currently under construction will be progressively commissioned by the end of 2008-09, generating steady revenues. The Highway business opportunities continue to be robust and optimistic. The National Highways Authority of India's (NHAI) outlay envisages the construction of more than 16,000 km of highways and roads up to 2010. At GMR, we are addressing this significant opportunity through strategic contractor alliances and innovative financial structuring; we will reinforce our portfolio of concessions and sustain our leadership in BOT road projects.

As part of Urban Infra Sector, the Company aspires to emerge as a differentiated property developer creating hubs around landmark infrastructure projects. For instance, we recognize that airports have historically catalyzed property development in the form of aerotropolis. Going ahead, GMR Hyderabad International Airport (GHIAL) will develop a landmark aerotropolis across a sprawling 1,000-acre property around the Hyderabad airport, while Delhi International Airport Private Limited (DIAL) will develop commercial property on a similar contiguous stretch. GMR is engaged in scaling an in-house construction division to minimize project execution risks, commission multiple infrastructure projects and deliver best-in-class quality.

Infrastructure business is capital intensive and having adequate capital on hand gives competitive advantage. To meet the requirements of various projects on hand and also to build a war chest, during the year, your Company raised Rs.3966 crore equity capital by way of QIP.

The revenue and profitability growth for the year are quite satisfactory despite Vemagiri Power continuing to be idle for most part of the year, start up costs of RGIA, Pay Commission Provisions for Airport Authority Employees etc. The Gross Revenues for the year have registered a growth of 39% from Rs.1987 crore to Rs. 2768 crore. Net

Revenues grew up by 38% from Rs.1715 crore to Rs.2365 crore. Profit after tax has risen by 8.64% from Rs.242 crore to Rs.263 crore. As more and more of your company's projects come online and existing assets consolidate over the course of the next few years, you would witness even greater revenue and profitability contributions.

Organization Development

We firmly believe that a global slowdown cannot stagger the growth of companies with strong core values and systems. We feel that such a slowdown will, on the contrary, serve as an opportunity; it will enable us to develop critical competencies that would otherwise not have been possible in a favourable environment. The foundation of people, processes, systems and organizational flexibility will differentiate your Company from competitors. Last year, we restructured the organization to create different business verticals, headed by various Business Chairmen, who are responsible for setting the strategic direction and growth agenda for their portfolio of businesses. Simultaneously, the operational management of the businesses (comprising business development, assets as well as projects) was vested with the CEOs. We believe that the exercise has helped us create an organization structure that will support ambitious long-term goals. To accelerate the institution building processes, your Company, during the year, has created a separate function - "Group Corporate Development", headed by an Executive Director. In order to build a process based organization, while providing ample room for thought leadership, we successfully implemented SAP across the businesses and locations. This initiative not only integrates the businesses but also standardizes the business processes. A strong process based organization benefits from operational security and acts as a spring board for growth. We made an impactful beginning and will continue to build on this foundation to gradually enable the leadership at various levels to focus more on value creation, while increasingly automating the operational processes. Automation of Thought leading to "Thoughtmation" is the end goal of our IT initiative.

Corporate Social Responsibility

While we pursue our journey towards business growth and excellence, we, simultaneously, keep in mind that a vast majority of Indians struggle for basic amenities, the alleviation of which cannot be addressed by the government alone. At GMR, we believe that Corporate Social Responsibility (CSR) is the continuing commitment to improve not only the quality of life of the workforce and their families, but also that of the local community and society at large. This holistic approach to business regards organizations as being full partners in the development of communities, rather than seeing them more narrowly as being in business for primarily maximizing the wealth of their shareholders. In view of this, we enhanced our corporate social responsibility through GMR Varalakshmi Foundation, focusing on education, health, hygiene, community service, empowerment and entrepreneurship development across the places of our business presence. The Foundation provides vocational training to rural youth and women, opening up employment opportunities for the underprivileged.

Acknowledgements

I express my sincere gratitude to our shareholders, investors, joint venture partners, lenders, banks, financial institutions, SEBI, NSE, BSE, RBI, NHAI, TIDCO, the Airports Authority of India, the central and state governments and other regulatory authorities/agencies for providing continuous support. I wish to express my appreciation to my colleagues on the Board and our employees for their thought leadership, unalloyed dedication and unswerving commitment. I express my sincere appreciation to the Boards of Directors and the employees of the subsidiaries for their continued support. I am grateful to you for your cooperation and the trust that you have reposed in us.

Best Regards,

G. M. Rao
Executive Chairman

At GMR, Corporate Social Responsibility (CSR) represents our continuing commitment to improve not only the quality of life of the workforce and their families, but also that of the local community and society at large. This holistic business approach embraces organisations as stakeholders in community development, rather than being merely an agent for the maximisation of shareholder wealth. In view of this, we enhanced our community social responsibility through the GMR Varalakshmi Foundation.

Highlights, 2007-08

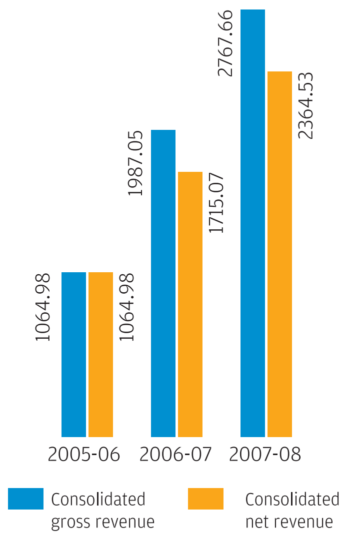
Financials

- Consolidated gross revenue increased by 39.28 per cent from Rs. 1987.05 crore to Rs. 2767.66 crore.
- Consolidated net revenue increased by 37.87 per cent from Rs. 1,715.07 crore to Rs. 2,364.53 crore.
- Consolidated EBIDTA increased by 18.90 per cent from Rs. 562.01 crore to Rs. 668.25 crore.
- Consolidated PAT increased by 8.64 per cent from Rs. 241.77 crore to Rs. 262.65 crore.
- Gross assets under development grew by 43.81 per cent from Rs. 19,700 crore to Rs. 28,346 crore.

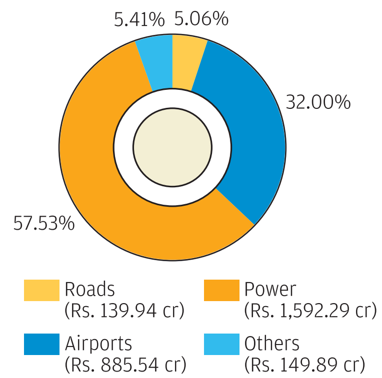
Business Developments / Operations

- Won a competitive bid to develop the Sabiha Gokcen International Airport (SGIA) at Istanbul, Turkey, along with consortium partners, Limak Insaat Sanayi San Ve Tic A.S Turkey and Malaysia Airports Holdings Berhad.
- Delhi International Airport (P) Limited achieved financial closure, raising Rs. 4,940 crore (including ECB of USD 350 million) from a consortium of 12 banks for funding the capital expenditure for the first phase development of the Indira Gandhi International Airport.
- Commissioned the world class greenfield Rajiv Gandhi International Airport at Hyderabad on 23rd March, 2008.
- GMR Hyderabad International Airport received approval from the Board of Approvals for its two SEZs of 250 acres each. While one SEZ is a multi-product based, the other relates to aviation sector.
- Won a competitive bid for the development of 300 MW Upper Karnali, Nepal, Hydro Project on 30 year concession.
- Acquired 80% stake in Himtal Hydro Power Company Private Limited, Nepal, which has rights to develop 250 MW Hydro Project on Marsyangdi River on BOOT basis.
- The capacity of Badrinath Hydro Power Project, currently under development, has been increased to 300 MW from 140 MW.
- Executed pre implementation agreement with Government of Himachal Pradesh for setting up of 180 MW Bajoli Holi Hydro power project on BOOT basis.
- The 1050 MW coal fired Kamalanga Project in Orissa has secured its fuel sourcing requirements through a coal linkage as well as coal block allocation from Ministry of Coal, Government of India (GoI).
- Acquired 10 per cent equity stake in Homeland Mining and Energy SA (Pty) Limited, (HMESA), South Africa with an option to acquire an additional 40 per cent equity. HMESA owns three advanced development/ pre-development stage coal projects in South Africa.
- Acquired a 50 per cent stake in InterGen N.V which operates 8086 MW of installed capacity across four continents and is further developing power projects aggregating to 4680 MW.
- Foraying into SEZ business, the Company entered into an MOU with Tamilnadu Industrial Development Corporation for the development of a 3,300 acre multi product special economic zone in Krishnagiri District of Tamilnadu.
- Raised Rs. 3965.71 crore through a maiden Qualified Institutional Placement (QIP) of 165,238,088 equity shares at Rs. 240 per share.
- Implemented SAP across all locations and businesses to secure and standardize the business processes and to accelerate the business growth.
- Restructured the organisation to create different business verticals, headed by various Business Chairmen. This exercise helped us to create an organisation structure that will support our ambitious long term growth goals.

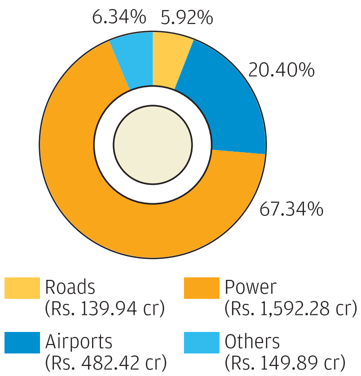
1. Consolidated gross revenue and consolidated net revenue (Rs. in crore)



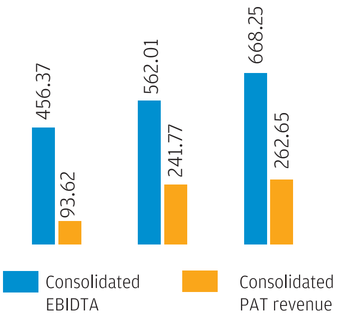
2. Sectorwise gross revenue in 2007-08



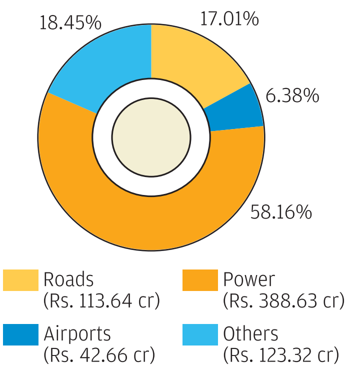
3. Sector wise net revenue in 2007-08



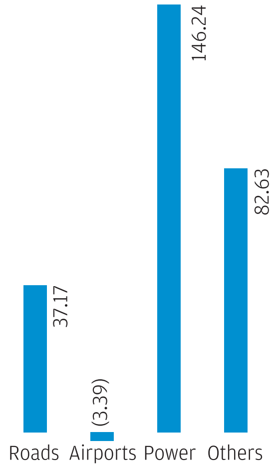
4. Consolidated EBIDTA and consolidated PAT (Rs. in crore)



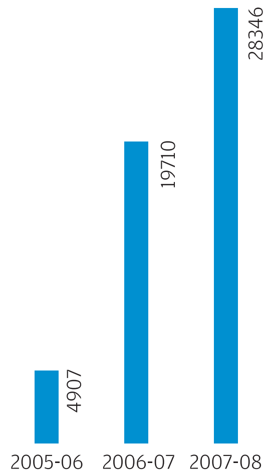
5. Sectorwise EBIDTA in 2007-08



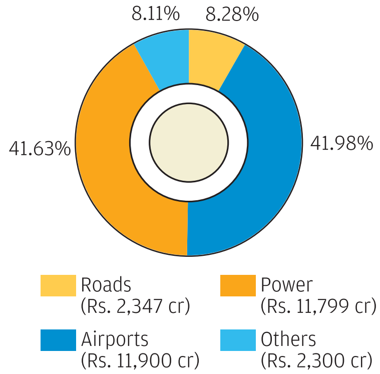
6. Sectorwise PAT in 2007-08 (Rs. in crore)



7. Assets under development (Rs. in crore)



8. Sectorwise assets under development in 2007-08



Getting tomorrow ready.

Human endeavour, ever since our journey began on this planet, has been directed not merely to live the day but to build a better tomorrow. Man has always been looking at future with hope and fear as well as caution and concern because tomorrow wombs unknown challenges. The vision of tomorrow has always driven the actions of today, inspiring civilizations to strive tirelessly for becoming future ready. This sustained effort of getting ready for tomorrow has led to new civilizations, new economies, new discoveries, new inventions, new innovations and thus the world we see and live today. ***This Getting Tomorrow Ready*** endeavour has tamed challenges, reined in uncertainties, subdued dangers, prevented calamities, increased life spans and thus constantly insured human life and enhanced our well being and fulfillment from Vedic ages to current times.

GMR is fortunate be a part of the grand endeavour of creating a better tomorrow for the world. Around a decade ago, GMR joined hands with co-creators to build a better tomorrow for the world. We are in the business of creation and management of infrastructure to empower civilizations, enhance productivity, create greater comforts and give hope to our children to aspire for a better life.

In the subsequent pages, you will find GMR's humble initiatives to get a better tomorrow ready today.

GMR Infrastructure Limited

India

Airports

Development and operation of the greenfield international airport in Hyderabad for an aggregate concession period of 60 years. Heralding a new beginning in Indian civil aviation Infrastructure sector, the airport was dedicated to the nation in March 2008 with the commencement of operations.

Operating, maintaining, designing, developing, upgrading and modernising the Indira Gandhi International Airport in Delhi. Took over the operations in May, 2006. Upgradation and modernisation work is on schedule. Financial closure waw achieved during the year. First phase to be completed in stages by March, 2010.

Energy

200-MW Chennai power plant - Commissioned in 1998, supplies power to the Tamil Nadu State Electricity Board.

220-MW naphtha-based barge mounted power plant - Consequent upon the expiry of the PPA with Karnataka Power transmission Companies, the 220 MW barge-mounted power plant is being shifted to a location near Kakinada, Andhra Pradesh, to operate as a merchant plant.

388.5-MW natural gas-based Vemagiri power plant - The Plant resumed operations in February, 2008 and continued generation till April, 2008. The plant is expected to resume sustained operations in the second half of the current financial year.

Under implementation

- 300-MW Alaknanda Hydro Electric Power Project in Uttarakhand
- 1050-MW Coal-based Thermal Power Project in Orissa
- 160-MW Talong Hydro Power Project on a BOOT basis in Arunachal Pradesh
- 180-MW Bajoli Holi Hydro Power Project in Himachal Pradesh on a BOOT basis
- 1050-MW Coal-based Thermal Power Plant in Chhattisgarh

Highways and Urban infrastructure

Four-laning of 93-km stretch between Tambaram and Tindivanam on the NH 45 in Tamil Nadu on a BOT Annuity basis. Commissioned in 2004.

Four-laning of 59-km stretch between Tuni and Anakapalli on the NH 5 in Andhra Pradesh on a BOT Annuity basis. Commissioned in 2004.

Under implementation

Highways

- Four-laning of 35-km Ambala-Chandigarh road project on a Toll-basis.
- Four-laning of 102- km Adloor Yellareddy-Kalkallu road project on the NH-7 on an Annuity basis.
- Four-laning of 59-km Thondapalli-Jadcherla road project on the NH-7 on a Toll-basis.
- Developing of 73-km Tindivanam-Ulunderpet road project on the NH-7 on a Toll-basis.

Urban infrastructure

- Signed up an MoU with TIDCO for the development of a 3,300 acre multi product SEZ in Krishnagiri District in Tamilnadu. Expected to begin operations in 2009-10. Entire development scheduled to be completed by 2014.

Overseas

Airports

Development, operation and modernisation of the Sabiha Gokcen International Airport (SGIA) in Istanbul (Turkey). Includes construction of new integrated domestic and international terminals capable of handling 10 million passengers annually. Concession period 20 years.

Energy

Under implementation

- 300-MW Upper Karnali Hydro electric Project in Nepal
- 250-MW Upper Marsyangdi Hydro Electric Project in Nepal

Acquired 10 per cent equity stake in Homeland Mining & Energy SA (Pty) Limited, (HMESA), South Africa

Acquired a 50 per cent stake in InterGen N.V which operates 8086 MW of installed capacity across four continents and is further developing power projects aggregating to 4680 MW.

Airports

Airports are the gateways to the world.

With boundaries between nations being flattened everyday, airports bridge economies across the world.

Civil aviation has emerged as the fastest growing arm of India's transport infrastructure. The Eleventh Five-Year Plan envisions the sector to possess world-class aviation services, passenger amenities, environment and infrastructure to cater to growing passenger and cargo traffic.

India currently has 448 airports, but only 80 are operational for scheduled commercial flights; many among the 80 functional ones see only modest traffic[1] and 16 are designated as international.[2] India's Vision 2020 document prepared by the Ministry of Civil Aviation envisages a country with 500 operational airports.

India of tomorrow

India's passenger traffic is projected to clock a CAGR of over 15 per cent in five years.[3] By 2010, Indian airports are expected to handle around 145 million-plus passengers and around 3.3 million tonnes of cargo.[3] As per the Eleventh Five-Year Plan, capacities in India's leading 45 airports will need to be enhanced to handle about 29.7 million international passengers and 103.57 million domestic passengers annually by 2011-12.

Vision 2020 also envisages the creation of adequate infrastructure to service 280 million passengers by 2020.[4] As per AAI estimates, aircraft movements in Indian airports are likely to grow at 14.4 per cent in the Eleventh Plan - from 838.31 thousands in 2005-06 to 1540.37 thousands by the terminal year of the ongoing Plan period.

Improving demographics and rapid economic growth indicate a continued boom in India's passenger traffic. International inbound traffic is also expected to grow rapidly with increasing investment and trade activity as India's rich heritage and natural beauty are marketed effectively to leisure travellers. However, the existing Indian airports are ill-equipped to manage this projected increase in traffic, resulting in queues and delays.

Road ahead

The India of tomorrow will need world-class airports offering superior aviation services and passenger/cargo facilities in a secure environment. Luxury across the various levels of air traffic - from domestic to international and economy to business and tourist - will be a must-have for the airports of tomorrow. This calls for a complete overhaul of outdated infrastructure and the introduction of advanced ground handling systems, night landing facilities, provision of additional and improved runways and improved air-radar control systems. More importantly, the India of tomorrow will need to provide airport infrastructure to facilitate timely departure and arrival, maximising national productivity and minimising fuel wastage.

Going ahead, aerotropolis or townships will be developed around airport premises, facilitating the commissioning of proximate quality hotels for travellers and crews. The commissioning of world-class convention centres close to the airports will facilitate seminars and business meetings. The facility of organised retail outlets close to airports will enhance passenger engagement.

The country's airport infrastructure, which is currently dependant only on passenger traffic growth, will in future drive the country's tourism and hospitality sectors.

Bridging the gap

Recognising the need to optimise the utilisation of existing airports and create new airports, the Airports Authority of India initiated several initiatives for the development of the country's airport infrastructure and attract private investment. The AAI's thrust areas comprised the construction of new terminals, upgradation of existing terminals, aprons, runways and the introduction of modern state-of-the-art technologies in various aviation segments.

- Mumbai and Delhi airports were privatised and are being modernised at an estimated investment of over US $4 billion over 2006-16
- Greenfield airports in Bangalore and Hyderabad were built by private consortia with investments of over US$800 million
- Mumbai's second greenfield airport in Navi Mumbai will be developed using the PPP model, entailing an investment of US $2.5 billion. Similar PPP model greenfield airports are also contemplated in Goa, Kannur (Kerala), Pune, etc.
- India has proposed city side upgradation in 35 airports owned by AAI; city-side development will be undertaken through the PPP mode entailing an investment of US$357 million over three years[5]

The Airports Authority of India has proposed to undertake the following projects during the Eleventh Plan: :

- Development of 35 non-metro airports,
- Development of Chennai, Kolkata and Trivandrum airports
- Upgradation of CNS/ATM facilities as well as the installation of new facilities (including security equipment).
- Installation of safety and passenger facilitation equipment

"Hyderabad airport is a testimony to our commitment to deliver world-class infrastructure in India. With SGIA we have announced our global ambitions."

Kiran Kumar Grandhi, Chairman, Airports

- Development of airspace capacity enhancement[6]

GMR's presence

GMR is participating in the development and management of two of India's busiest international airports - Delhi and Hyderabad - in response to the government's invitation to the private sector to modernise major airports. Besides, it is modernising the Sabiha Gocken International Airport in Istanbul, Turkey.

Rajiv Gandhi International airport, Hyderabad

The greenfield Rajiv Gandhi International Airport in Shamshabad (Hyderabad) was developed by GMR Hyderabad International Airport Limited (GHIAL), a joint venture company promoted by the GMR Group (63 per cent), Malaysia Airports Holding Berhad (11 per cent), Government of Andhra Pradesh (13 per cent) and Airports Authority of India (13 per cent). It is India's first greenfield airport developed through public-private partnership, through a global competitive bidding process.

The airport commenced operations from 0001 hrs on Sunday, March 23, 2008. Besides building and financing the airport, GHIAL is responsible for operating and maintaining the airport with service and infrastructure at par with established global benchmarks.

This new airport can handle 12 million passengers per annum (mppa) and more than 100,000 tonnes of cargo per annum in the initial phase; this will grow to over 40 mppa and 1 million tonnes of cargo annually. It is the country's first airport to be A380 compatible; its 4.26 km long runway is the longest in South Asia.

The single terminal building of the airport is equipped with 12 contact boarding bridges, 30 remote stands, 130 common user terminal equipment (CUTE) check-in desks and 16 self check-in kiosks, 46 immigration counters and a four level in-line baggage handling system. The airport is equipped with the latest IT systems and has introduced India's first airport operational database (AODB) technology. Some of its other features comprise duty-free shopping, retail, food and beverages, leisure facilities, 17-bed medical centre, ample parking space and a 308-room business hotel.

In 2007-08, the airport successfully completed nine days of commercial operations and handled around 148,468 passengers comprising 29,242 international and 119,226 domestic passengers. A total of 2140 ATMs (1072 landings and 1068 take offs) were handled.

The new airport is attracting global airline traffic interest. For instance, Gulf Air launched its operations to and from Hyderabad from July 1, 2008, with A320 aircraft, while British Airways will follow from October 2008.

The fuel uplift which was about 550 KL per day at the Begumpet Airport has been increased to approximately 925 KL per day at the new facility due to a reduction in sales tax by the Government of Andhra Pradesh from 33 percent to 4 percent on aviation turbine fuel (ATF) under the Open Access Model.

Indira Gandhi International Airport, Delhi

In January 2006, Delhi International Airport (P) Ltd (DIAL), a joint venture company, comprising the GMR Group (50.1 per cent), the Airports Authority of India (26 per cent), Fraport AG (10 per cent), Malaysian Airport (10 per cent) and the India Development Fund (3.9 per cent), was awarded the contract to operate, maintain, develop, design, construct, upgrade, modernise, finance and manage the Indira Gandhi International Airport, New Delhi.

GMR is participating in the development and management of two of India's busiest international airports - Delhi and Hyderabad - in response to the government's invitation to the private sector to modernise major airports. Besides, it is modernising the Sabiha Gocken International Airport in Istanbul, Turkey.

The project is being developed in phases. By the end of Phase - I, the Airport will be capable of handling 60 million passengers per annum comprising new domestic departure terminal, revamping and up-gradation of International Terminal, a new third runway (Sub phase 1A), a brand new integrated terminal building catering to both domestic and international passengers and associated works (Sub phase 1B) has already commenced. Sub phase 1A is expected to be completed by 2008 and Sub phase 1B by 2010.

The new domestic terminal is targeted for completion by the end of 2008. The formal inauguration of this new terminal building will take a couple of months longer to achieve operational readiness and transfer (ORAT) process. Work on the third runway, a new Code F runway measuring 4430 metre in length and equipped with CAT IIIB ILS, allowing landings in visibility as low as 50 metre and capable of handling the next generation aircraft like A380, is nearing completion. More than 95 per cent of the work on the runway and associated taxiways has been completed; the runway will be commissioned in 2008.

The construction of the integrated passenger terminal building (Terminal 3) is progressing smoothly. This terminal will feature 48 contact stands (78 aerobridges), 20 remote parking bays for passenger embarkation and disembarkation, more than 168 common user terminal equipment (CUTE) check-in desks, advanced in-line baggage handling system with CTX machines, 94 immigration counters and 12 wide-body baggage reclaim belts. Ninety per cent of all passenger traffic at T3 will be handled via aerobridges by 2010.

Passengers would be able to avail of a host of facilities: restaurants, shopping, duty-free complexes and leisure facilities. Business travellers will be able to utilise the most modern communications equipment in the business centre with the facility of conducting meetings in executive lounges. The airport will have a hotel to service passengers. Access to the new terminal will be via a eight-lane road connecting NH8 and will have more than 12000 parking lots for private cars, buses and taxies. The airport will also be connected via a metro rail line (part-funded by DIAL) to the city centre with city side check-in facility.

Sabiha Gokcen International Airport Limited, Istanbul, Turkey

GMR won the bid to develop the Sabiha Gokcen International Airport (SGIA) at Istanbul, Turkey. GMR Group holds a 40 per cent stake in the consortium. The other partners include Limak Insaat Sanayi San Ve Tic A.S Turkey (Limak 40 per cent) and Malaysia Airports Holdings Berhad (MAHB 20 per cent).

The consortium will operate the existing terminals at SGIA. It will also construct the new integrated domestic and international terminal capable of handling 10 million passengers per annum, expected to be completed over the next 30 months. At the end of the 20-year concession period, the airport is expected to handle around 35-40 million passengers and 700,000 tonnes of cargo per annum. SGIA will encompass many features including world-class infrastructure offering pan-Turkey connectivity. The airport will have a runway length of 3000 metre, facilitating a quick turnaround time.

The terminal and its facilities, to be constructed on a total covered area of 320,000 square metres, will have 96 check-in points, 30 online check-in points, 32 X-ray units, three-storey car park (capacity 4,750 vehicles) and a 3,700 square metre two-storey VIP terminal. A hotel with 60 rooms, adjacent to the terminal, will be built for flight crews, transit and other passengers.

Sabiha Gökçen, the newest among the greenfield airports in Europe, has reported the biggest growth rate between 2002 and 2007. The consortium envisages that with new facilities and the patronage of major airlines comprising Pegasus, Sun-Express, Easyjet and Germanwings, operations will only increase. Located close to the Istanbul Formula One race circuit, the airport will meet the travelling needs of enthusiasts and be a convenient access route to Europe from South Turkey.

Sources:

[1] Outlook business 19.4.08

[2] Investment Commission of India

[3] Investment Commission of India

[4] Investment Commission of India

[5] Investment Commission of India

[6] 11th Five year plan, Planning Commission

Energy

Economic growth enhances an appetite for energy.

This simple reality has resulted in unprecedented investment in India's power sector.

Power generation averaged an annual growth of 5.1 per cent across the Tenth Plan, but lack of fuel for new gas-based plants commissioned during the Plan period bottlenecked capacity acceleration.[7] A projected GDP growth of 8-9 per cent across the Eleventh Plan now warrants a corresponding increase in power generation.

Even as India's GDP growth was 9 per cent in 2007-08, peak and general power deficits were estimated at 14.8 per cent and 8.4 per cent respectively. The shortage was considerably higher in North and West India.[8] The reality: more than 60 per cent of Indian rural households did not enjoy any access to electricity; 10 to 15-hour blackouts and brownouts in villages were established as a way of life.

India of tomorrow

India's power ministry ambitiously targeted 'Power for All' by 2012. The National Electricity Policy (NEP), 2005 recognised electricity as a 'basic human need' and aimed to increase the per capita availability from 631 units to 1,000 units by 2012. The Eleventh Five-Year Plan has proposed a capacity addition of 78,577 MW and the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), launched in April 2005, aims to provide all Indian households access to electricity in five years.[9]

The overall sectoral investment is projected at Rs. 3 trillion during 2007-12 with a four-fold increase in private sector contribution amounting to 10,760 MW. As a result, going ahead, India's annual power sector growth is expected to accelerate to 9.5 per cent.[10]

Road ahead

Self-sufficiency in the energy sector represents the building block of India's projected 8 per cent GDP growth across the Eleventh Plan. An adequate availability of quality power will minimise downtime and expensive investments in captive power facilities; in turn, their availability will enhance productivity and competitiveness, strengthening India's position and visibility in the global community.

Much of this growth will be derived from significant investments in India's rural electrification. This will benefit the country at various levels – improve the quality of life across thousands of villages, reinforce a sense of convenience, enhance income opportunities, strengthen productivity and facilitate access to modern technology. The benefits arising out of the projected growth of India's power sector may well accelerate a virtuous cycle with positive social and economic implications.

India's projected power-sufficiency includes a growing use of alternative and renewable energy derived from the prudent use of water, wind, sunlight, biomass and wastes.

Bridging the gap

To accelerate the growth of India's power industry well beyond legacy rates, the government outlined a policy to develop coal-based ultra mega power projects (UMPPs) of 4,000 MW or above, awarded on the basis of tariff-based competitive bidding. Project-specific shell companies were commissioned as wholly-owned subsidiaries of Power Finance Corporation Ltd. to facilitate tie-ups for inputs and clearances. The bidding processes with respect to UMPPs in Sasan, Mundra and Krishnapatnam were completed. Some more projects are in the anvil.

The government approved the Rs. 28,000-crore extension of the RGGVY into the Eleventh Five-Year Plan. The Phase-I envisaged the coverage of 115,000 non-electrified villages and 2.34 crore rural households (below poverty line).[11]

While the majority of India's power industry growth will be driven through the thermal route – the country possesses one of the largest global reserves of thermal coal – it enjoys a 150,000-MW potential in hydro power. Interestingly, only 21.14 per cent of the country's hydro power potential had been commercially exploited and an additional 9.53 per cent is being developed. There are 45 hydro projects of 15,000 MW of cumulative capacity under construction in India. The preparation of pre-feasibility reports of 162 schemes with a total installed capacity of 49,930 MW has been completed by the CEA.[12]

GMR's presence

GMR enjoys a rich decade-long experience in the Indian power sector. The Company capitalised on the private investment opportunity offered by the government through construction, development and management of power plants. By 2015, when all its existing projects in the pipeline are commissioned, the Company will possess a combined capacity of 4098.5 MW across eight plants in India and two in Nepal. While three of its plants with a combined capacity of 808.5 MW are operational, the rest – 2740 MW in India and 550 MW in Nepal – are under various stages of implementation.

GMR's power projects are distributed across various fuel types – hydro, thermal and natural gas. The Company's returns have been protected by a mix of short-term and long-term power purchase agreements (PPAs) and merchant sale.

GMR plans to expand through asset addition across various fuel types, a prudent de-risking initiative. It also plans to bid for UMPPs with secured fuel supplies and extend its presence to neighbouring countries and reinforce their infrastructure development.

Chennai

The 200-MW power plant at Basin Bridge, Chennai, was commissioned in 1999 as the first independent power producer in Tamil Nadu. The

"Our strategic asset-mix together with in-house project execution skills and vertical integration is what will differentiate us."

B. V. N. Rao, Chairman, Energy

plant markets its entire output to the Tamil Nadu Electricity Board (TNEB) through a 15-year PPA valid until 2014. The plant's uniqueness lies in its sophisticated sewage treatment facility, which treats 7,200 cubic metres of raw sewage daily to produce 5,400 cubic metres of clean water for internal use. The plant's reverse-osmosis technology and advanced processes neutralise harmful pollutants before external release. Its environment commitment was showcased in ISO 14001 and OHSAS 18001 certifications. It also bagged the prestigious M.S. Swaminathan Award for Environmental Protection in 1999-2000.

Mangalore

This 220-MW barge-mounted naphtha-based combined cycle power plant was commissioned in 2001. The plant is situated at Tanir Bavi near Mangalore (Karnataka), and is the largest operational independent power producer in the state.

The plant supplies power to BESCOM and MESCOM – the two distribution companies of the Karnataka Power Transmission Corporation Limited – through a seven-year power purchase agreement. The PPA expires in June 2008. The plant was certified across the international environmental standards of ISO 14001 and OHSAS 18001 as well as across ISO 9001. We are planning to shift it to Kakinada, to run it on gas from K G Basin and on Merchant basis.

Vemagiri

The 388.5 MW natural gas-based combine cycle power plant was set up in Vemagiri, Andhra Pradesh. The project achieved commercial operation status on September 16, 2006. However, it has not been able to operate due to non-availability of gas from GAIL despite an existing gas supply agreement. In the background of gas shortage for power projects in Andhra Pradesh, the Company had, at the behest of the Government of Andhra Pradesh, negotiated and agreed to changes of the executed Power Purchase Agreement. The changes agreed to include deletion of provisions relating to the use of alternate fuel and certain adjustments to address the economic consequences of such deletion including the extension of term of the Power Purchase Agreement, allowing the Company to sell certain capacity of the plant to the party(s).

The gas is expected to be available on a regular basis from the second half of the current year and the plant is expected to resume its operations.

Projects under development

Kamalanga Thermal Power Project, Orissa (1050 MW)

An SPV was incorporated on December 28, 2008 to set up a 1050 MW thermal power plant at Kamalanga in the district of Dhenkanal, Orissa.

A Power Purchase Agreement (PPA) was already signed with GRIDCO, Orissa, on September 28, 2006 for the supply of 25 per cent of power generated. PPA was also signed with Power Trading Corporation India Limited, New Delhi on June 21, 2007 for the sale of balance power.

Ministry of Coal, Government of India (GoI) approved the issuing of the letter of assurance for coal linkage for 500 MW capacity. Further, Central Electricity Authority recommended to the Ministry of Power, allocation of coal linkage for an additional capacity of 500 MW. A letter of intent was received from the Ministry of Coal, Government of India, allocating 112.22 million tonnes of coal from Rampia and Dip Side of Rampia coal block, along with other allottees. As per the terms of the letter, a Memorandum of Agreement was signed on December 4, 2007 with other joint allottees for the development of coal block, which was approved by the Ministry of Coal. Subsequently, a firm allocation of allotment of 112.22 million tonnes of coal was received from the ministry. A joint venture company, Rampia Coal Mine and Energy Private Limited, was incorporated on February 19, 2008 with other joint allottees for the development of coal blocks of Rampia and Dip Side of Rampia.

Infrastructure Development Finance Company (IDFC) has appraised the project and sanctioned a term loan of Rs. 700 crore as part-financing for development of the project and IDFC is syndicating the balance loan requirement. The Project expected to achieve financial closure and construction by August, 2008.

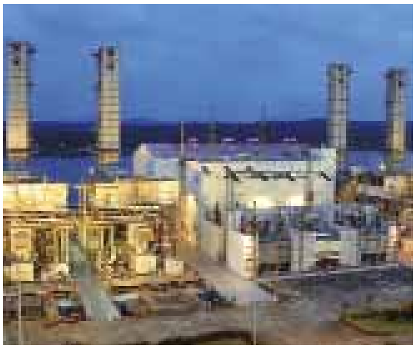
Thermal Power Project, Chhattisgarh (1050 MW)

An MoU was signed with Government of Chhattisgarh for setting up a 1050 MW power project in the state. As per the terms of the MoU, the state is entitled to avail of 5 per cent of net energy (or 7.5 per cent in the event a coal block is allocated to the Company within Chhattisgarh). The State of Chhattisgarh has the right to purchase up to 30 per cent of power from the project during the first 20 years through its nominated agency. The charge to be determined by the regulatory authority.

A pre-feasibility study has been completed and submitted to the Government of Chhattisgarh. The site for the project has been identified and is being approved by the Department of Energy, Government of Chhattisgarh.

Badrinath Hydro Power Project, Uttarakhand (300 MW)

The GMR Group is in the process of setting up a 140 MW hydro power plant on the Alaknanda River



By 2015, when all its existing projects in the pipeline are commissioned, the Company will possess a combined capacity of 4098.5 MW across eight plants in India and two in Nepal. While three of its plants with a combined capacity of 808.5 MW are operational, the rest – 2740 MW in India and 550 MW in Nepal – are under various stages of implementation.

in the Chamoli district of Uttarakhand. After supplying 12 per cent of the net deliverable energy to the state free of charge as royalty energy, the Company has the right to sell the balance power to any customer within or outside the state.

Environment Impact Assessment and Environment Management Plan studies have been completed and submitted to the Pollution Control Board of Uttarakhand. Over the period of DPR presentation, the capacity of the plant is raised to 300 MW. The detailed project report has been submitted to the Central Electricity Authority and is presently awaiting approval.

Talong Hydro Power Project, Arunachal Pradesh (160 MW)

The Group won the rights to develop the 160 MW run-of-river Talong Hydro power project on Build Own Operate Transfer (BOOT) basis. The project is located near the town of Seppa, the headquarters of the East Kameng district of Arunachal Pradesh. The project shall be established on River Kameng, one of the tributaries of the Brahmaputra River.

As per the Memorandum of Agreement entered with the Government of Arunachal Pradesh, the Company shall offer 14 per cent of free power to Arunachal Pradesh and 2 paise per kilowatt-hour generated as royalty to the state. The State Government shall be allocated 12 per cent paid equity in the SPV to be formed for the development and implementation of the project, which will initially be funded by the Company. The proceeds from the sale of free power and future dividends shall be utilised for the repayment of such initial funding.

CISMHE (Delhi University) and RS Technologies have been appointed as consultants for undertaking the Environment Impact Assessment and Environment Management Plan. Presently the finalisation of the detailed project report is under progress by Colenco Power.

Bajoli Holi Hydro Power Project, Himachal Pradesh (180 MW)

The Group won the bid for Bajoli Holi power project in the Chamba district of Himachal Pradesh on July 28, 2007. The Bajoli Holi power project consists of an 180 MW run-of-the-river power facility on river Ravi. The project was awarded by the Government of Himachal Pradesh through a competitive bidding process on BOOT basis for 40 years from the project's commercial operation date, following which it will be transferred to the state free of charge. The royalty payable to the state in respect of the Bajoli Holi project comprises 12 per cent of the power produced during the first 12 years from the commercial operations date, 18 per cent in the following 18 years and 30 per cent thereafter.

MOEF clearance for pre-construction activities has been received from Ministry of Environment and Forests, Government of India. A pre-implementation agreement has been executed with the Government of Himachal Pradesh setting out the terms, milestones and time-frame for the development of the power project. Survey and drilling agencies have been appointed for the survey and geological investigations.

Upper Karnali Hydro Power Project, Nepal (300 MW)

GMR, ITD Consortium and Nepal Electricity Authority (NEA) incorporated an SPV on May 2, 2008, to implement 300 MW Upper Karnali Hydro power project on BOOT basis in Nepal. GMR Lion Energy Limited, Mauritius, holds 73 per cent stake in the SPV. As per the Memorandum of Understanding entered into with the Government of Nepal on January 24, 2008, NEA shall be offered 27 per cent of free equity and 12 per cent of the power generated free of cost.

Upper Marsyangadi Hydro Power Project, Nepal (250 MW)

The Group acquired an 80 per cent stake of Himtal in January 2008. Himtal possesses a survey license for development of 250 MW Upper Marsyangdi hydro power project in Nepal and the license is valid till October 2009. Survey and EIA studies are being conducted. DPR initial work was commenced.

Sources:

[7] 11th Five-Year Plan – Working Group Committee
[8] Economic Survey 2007-08
[9] Economic Survey 2007-08
[10] Economic Survey 2007-08, CRISIL report
[11] Economic Survey 2007-08
[12] Economic Survey 2007-08

Highways and urban infrastructure

If roads represent the arteries of a nation, then cities are the lifeblood of every economy.

This realisation drives every government across the world to build its cities and connect them with wider road networks in a manner that the ripples of economic growth can reach its villages. A superior road quality facilitates a faster transportation of cargo and people, catalysing social, tourism and industrial growth.

At 3.34 million km, India possesses the second largest road network in the world. Roads carry about 65 per cent of the country's freight and 80 per cent of the passenger traffic.[13] Interestingly, national highways constitute only 2 per cent or 66,754 km of the road length but account for about 40 per cent of the total traffic. Of the total length of national highways, only about 13 per cent is four-lane wide or more.[14] India's existing road network is inadequate when compared with existing and projected demand.

India of tomorrow

As per the 2001 census, 285.35 million people reside in urban India accounting for approximately 28 per cent of the total population. It is estimated that the share of the country's urban population may increase to about 40 per cent of the total population by 2020-21, placing a growing emphasis on urban infrastructure improvement.[14]

In line with the expanding urbanisation the road traffic is also bound to increase. According to the Vision 2020 document released by the Planning Commission, the volume of India's road traffic will grow five-fold by 2020 supported by 70,000-km of national highways and 5,000-10,000-kms of four-laned (or more) expressways linking Delhi, Mumbai, Chennai and Kolkata. State highways (two-way lanes or more) will link most districts; rural roads will provide access to remote villages. Technological progress will facilitate the use of pollution-free and fuel-efficient vehicles.

The National Highways Authority of India (NHAI) is engaged in the largest highway project ever undertaken in the country. The Phase I and II of the NHDP envisaged four-six laning of about 14,279 km of national highways. These phases comprise the Golden Quadrilateral (5,846 km), the North-South and East-West Corridors (7,300 km), port connectivity (380 km) and other projects (962 km).[14]

Road ahead

An inadequate road infrastructure increases inventory costs, working capital outlay and vehicle maintenance costs. It also endangers cargo and passenger safety. A poor road surface also causes tyres and other components to depreciate faster. Congestion and traffic snarls lead to increased fuel consumption. Besides, there is a link between poor roads and rural poverty.

Going ahead, these legacy constraints will be replaced with speedy four-lane and six-lane access that connect remote Indian hamlets with metros, widening India's prosperity. Families residing in the proximity of roads will benefit from better health, educational opportunities, smaller families and higher asset ownership, compared to those living in remote villages.[15]

As a result, the development of roads and highways represents one of the most effective ways for lifting millions out of centuries of poverty.

Special Economic Zones

Special Economic Zones represent one of the most promising opportunities in the area of employment generation, economic growth and infrastructure development (including urban infrastructure). SEZs encourage manufacturing, exports, employment generation and inclusive growth, best visible in China.

Shenzhen, the biggest and first of China's six zones, annually exports more than the total export volume of India, developing from a fishing village into one of the world's fastest growing cities. Its economy grew at an average annual rate of 16.3 percent from 2001 to 2005. All six Chinese SEZs prospered due to shared characteristics like prime coastal locations, large sizes and government support. The success of these Chinese zones provided the enthusiasm for similar enclaves in India.[16]

Bridging the gap

In India, an annual passenger traffic growth of 12-15 per cent and 15-18 per cent growth in cargo traffic following infrastructure improvement are foreseen. About 7,962 km of national highways under the NHDP were completed (a bulk on the Golden Quadrilateral) and about 7,744 km of national highways were under construction. Nearly 96 per cent of the Golden Quadrilateral had been completed; the NS and EW corridors are expected to be completed by December 2009.[14] Even though the NHDP projects faced considerable delays in land acquisition, removal of structures, shifting of utilities, law and order and under performance by contractors, the benefits are visible.

Encouraged by the results and response, the Government approved the following: upgradation of 10,000 kms of high traffic volume highways under the NHDP Phase-III, six-laning of 6,500 km

"With growing Public Private Partnership, infrastructure development has entered a different orbit. Our alliances with some of the world's leading companies will give us the competitive edge"

Srinivas Bommidala, Chairman,
Highways and Urban Infrastructure

of national highways under the NHDP Phase-V and construction of 1,000 km of expressways to be developed on a BOT basis under the NHDP VI. The government also plans to two-lane 20,000 km of National Highways under the NHDP Phase-IV, which will ensure that their capacity, speed and safety match the minimum national highway standards. To achieve a higher safety and capacity utilisation, the government approved the construction of ring roads including the improvement of national highway links to cities, grade separated intersections, flyovers, elevated highways, ROBs, underpasses and service roads - under the NHDP Phase-VII.[14]

The government made a significant announcement: it decided that all sub-projects from the NHDP Phase-III to Phase-VII would be on the basis of Public-Private Partnership (PPP) on a Build Operate and Transfer (BOT) mode, creating a significant opportunity for private players.

GMR's presence

GMR is contributing towards the development of India's road infrastructure through a presence in highway development. The Company is engaged in six road projects with a combined length of 421 kms. Two of its projects, awarded by the National Highway Authority of India (NHAI) under the Golden Quadrilateral Scheme, are operational; four other projects awarded to the Group are under various stages of development. GMR achieved financial closure for all projects under implementation.

GMR's road projects were balanced through a mix of Annuity (three projects, 255 km) and Toll-based assets (three projects, 166 km). GMR expects to be awarded additional NHDP projects comprising six-laning and corridor projects; it is also exploring opportunities in Turkey, East Europe and Africa.

At GMR, construction safety is an area of priority. Some of the safety measures adopted comprise the construction of pedestrian fencing along service roads, installation of appropriate caution and safety boards, provision of exclusive bus bays and the installation of reflective road delineators at sharp curves, among others. GMR also provided state-of-the-art illumination, with special high-mast lighting at all major junctions and flyovers. A 24-hour exclusive highway patrol and first-aid facilities assisted travelers in the event of emergencies.

Highway projects

Tambaram – Tindivanam

In 2004, GMR successfully completed the four-laning of 93 kms between Tambaram and Tindivanam on NH-45 in Tamil Nadu (awarded by the NHAI under the BOT Annuity scheme). The project was completed 29 days ahead of schedule, one of the few NHAI projects to earn a bonus for early completion. The project enjoys a concession period of 17.5 years (including the construction period) till November 2019.

Tuni - Anakapalli

In 2004, GMR successfully completed a project comprising the four-laning of 59 kms of highways between Tuni and Anakapalli on NH-5 in Andhra Pradesh (awarded by the NHAI under the BOT Annuity scheme). The project enjoys a concession period of 17.5 years (including the construction period) till November 2019.

Projects under construction

Ambala - Chandigarh

Four-laning of the 35-km Ambala-Chandigarh road project on a BOT Toll basis for a concession period

The Company is engaged in six road projects with a combined length of 421 kms. Two of its projects, awarded by the National Highway Authority of India (NHAI) under the Golden Quadrilateral Scheme, are operational; four other projects awarded to the Group are under various stages of development. GMR achieved financial closure for all projects under implementation.

of 20 years is under implementation. The project marks the entry of the Group into northern India in the area of road construction and development. At a combined average, 85 per cent of the structure-and-highway works has been completed

Pochanpalli

GMR is strengthening, widening and improving 102 km two-lane road into a four-lane equivalent between Adloor Yellareddy and Kalkallu / Gundla Pochanpalli on NH-7 on a BOT Toll basis for a concession period of 20 years. The road traverses through the Nizamabad and Medak districts of Andhra Pradesh. At a combined average, 58 per cent of the structure-and-highway works has been completed.

Thondapalli – Jadcherla

An existing two-lane 59 km stretch is being strengthened and improved into a four- lane road between Shivrampalli / Faruknagar and Jadcherla on NH -7 in Andhra Pradesh. The project is being implemented under the BOT Toll scheme with a concession period of 20 years. The corridor will be the principal commuting artery between Hyderabad and the new greenfield international airport at Shamshabad. The highway will also connect Hyderabad with Bangalore and Chennai. At a combined average, 53 per cent of the structure-and-highway works has been completed.

Tindivanam – Ulunderpet

GMR is implementing the four-laning of the existing two-lane section between Tindivanam and Ulundurpet covering a distance of 73 km on NH-45 in Tamil Nadu. The project is being implemented on a BOT Toll basis for a concession period of 20 years. At a combined average, 61 per cent of the structure-and-highway works has been completed.

In the present market scenario, all road projects being implemented across the country, are dealing with rising costs of major raw materials (like bitumen, steel and cement) and shortage of skilled, unskilled labour and our group is not an exception to this.

Though the project progress is endurable, our management expects to achieve project completion within the target date well within the NHAI schedule.

Urban infrastructure

The GMR Group entered into an MoU with the Tamil Nadu Industrial Development Corporation (TIDCO) for the development of a multi-product Special Economic Zone (SEZ) in Krishnagiri District, Tamil Nadu. The SEZ will be developed through a special purpose vehicle (SPV) to be set up through a joint venture with TIDCO.

This 3300 acre multi-product SEZ spread will focus on bio-technology, information technology and ITeS on the one hand and traditional electronics and engineering industries on the other. It is advantageously proximate to Bangalore, enjoys excellent connectivity through state highway NH 7 and a good railway network. Project development will commence in the year 2009 and the entire development will be completed by 2014.

Benchmarked to global SEZ standards, the facility will comprise green corridors with a special emphasis on ecological efficiency, quality and social infrastructure. It will benefit over 300,000 people through direct and indirect employment and facilitate economic and social regional development through a robust multiplier effect.

Sources:

[13] Investment commission of India
[14] Economic Survey 2007-08
[15] Vision 2020, Planning commission
[16] Harvard International Review

International business

Industry overview

A rapidly globalising economy requires enterprises to tackle vast infrastructure challenges: building and maintaining roads, mass transit points, airports, railways, electricity grids, homes, schools and hospitals. Infrastructure spend in emerging markets is expected to exceed US$ 1 trillion in the next three years, driven primarily by higher spending forecasts for China and the emerging economies of Russia and the Middle East, particularly the Gulf Cooperation Council countries. The developing world is finally investing in infrastructure projects to enhance future growth potential.

Demand gap

Energy: Eastern Europe needs to add almost 40 GW to its existing capacities in the next few years. Russia and other Former Soviet Union countries require over 100 GW of power assets by 2020. While the Middle East for the next seven years will face a 60 GW power deficit, South-east Asia offers both brownfield and greenfield development opportunities to meet strong demand growth.

Airports: The 10 major East European countries require a capacity expansion of over 75 per cent by 2015. The Former Soviet Union Russia and Kazakhstan offer significant opportunities (over US $20 billion by 2015) for greenfield airport development. The Middle East has several airports scheduled for privatisation and/ or significant expansion. South-east Asia offers small brownfield and greenfield airport development opportunities across the region.

Bridging the gap

Governments of East Europe and the Former Soviet Union are in the process of establishing regulatory frameworks to support liberalisation and privatisation of the infrastructure sector. While governments in the Middle East encourage long-term partnerships with global infrastructure players to increase opportunities in the non-petroleum sectors, South-East Asia offers significant brownfield development opportunities through privatisation of existing airports. Besides, global infrastructure markets are entering multiple geographies through landmark deals (> US $2 billion): since 2005, 14 such landmark deals in the airport and energy sectors have materialised.

GMR's presence

GMR's International Business Division (IBD), headquartered in London, strategically strengthened positions in regions that exhibit characteristics similar to India's infrastructure sector: high growth, high demand-supply gap, moderate and openness to Indian investment. Initially, IBD aims to focus on airports, real estate and around airports and energy sectors as a developer and operator, leveraging existing strengths in bidding, financing, project management, and partnership development building globally-benchmarked skills in procurement, operations and maintenance.

Operations: GMR entered the global infrastructure markets in July 2007, winning the rights to operate the Sabiha Gokcen International Airport in Turkey for a 20-year concession period. The Company holds a 40 per cent stake in the consortium formed with two other partners, Turkey's Limak Insaat Sanayi San Ve Tic A.S and Malaysian Airports Holdings Berhad, holding 40 per cent and 20 per cent stakes, respectively. The EPC contract was awarded to the GMR Limak joint venture for Euro 330.86 million. The project cost is to be funded to an extent of 20 per cent of by shareholder equity, 5 per cent by shareholder loan and 75 per cent by the facility of senior project finance. The project recently achieved financial closure for the entire debt facility.

Acquisition: On 26th June, 2008, GMR acquired a 50 per cent stake in InterGen N.V., the largest-ever acquisition of a global energy utility by an Indian company. The 13000 MW power generation company, with 8,258 MW of gross operating capacity across Australia, Mexico, The Netherlands, UK and The Philippines, has 4,822 MW of assets under development. InterGen N.V. has around $ 1.65 billion of total proportional turnover and US$ 613 million of total proportional EBITDA in the year ending December 2007. Its premium assets, strong management team, development plans and credible partners like Ontario Teachers' (Canada) dovetail strategically with the GMR Group's domestic and global growth aspirations. Besides opening up multiple-growth channels in the energy sector, this acquisition enhances infrastructure opportunities for the Group worldwide.

"Harnessing value creating opportunities in the international markets will also equip us with world class skills, talent and foreign capital, making us truly diverse."

G. B. S. Raju, Chairman,
Corporate & International Business






Corporate Social Responsibility

You can never be less concerned about people than about your business. Corporates across the world realise that businesses cannot stop at wealth creation. A better society and a cleaner environment are prime corporate responsibilities – the drivers of a modern economy.

Corporate social responsibility (CSR) is a social investment as opposed to philanthropy. It goes beyond charity and requires a responsible company to take into account its full impact on all stakeholders, including the wider society and environment when making decisions. Like all business initiatives, CSR requires a thorough research, a detailed and proactive strategic plan, regular management monitoring, constant interaction and feedback from stakeholders for whom the programme is run. In short, a deep commitment.

GMR Varalakshmi Foundation (GMRVF)

GMR Varalakshmi Foundation (GMRVF) is the Corporate Social Responsibility arm of the GMR Group. Its mandate is to develop social infrastructure and enhance quality of life of communities around the locations of the Group's presence, focusing broadly on education, health, hygiene, sanitation, empowerment, livelihood, and community development. Today, the Foundation's activities and initiatives are spread across different locations of the country – Arunachal Pradesh, Bangalore, Chennai, Chandigarh, Delhi, Hyderabad, Haliyal, Mangalore, Orissa, Rajahmundry, Rajam and Uttarakhand.

Education

- GMRVF runs educational institutions that provide quality education to under-served areas and communities. It is closely involved in four educational institutions - GMR Institute of Technology (GMRIT), Sri GCSR Degree College, Bhavan's Varalakshmi Vidyashram and Seethamahalakshmi DAV School (SMLDAV). It facilitates scholarships and educational loans to ensure that deserving students, irrespective of their financial background, enjoy an access to these institutions. All these institutions are situated in and around Rajam, in Srikakulum district, with the objective of brining high quality education to a socio-economically backward region. In addition to these, another CBSE school is under construction in Shamshabad, Hyderabad to serve the communities in and around Shamshabad – the location of the Group's Hyderabad airport.

- The Foundation supports about 75 government schools in the areas of its presence through providing additional teachers, improving or supplementing infrastructure, providing teaching-learning material, conducting exposure visits and excursion trips for students, etc. GMRVF initiatives reached about 8,000 students across the country during the year. Close to 1,000 dropouts have re-joined school through the efforts of the Foundation over the years.

- It supports the education of 71 school students through the Gifted Children Scheme. It supports about 100 students through scholarships and interest-free loans for professional courses.
- Through 'Vidya Jyothi', it provides scholarships to meritorious college students. These students, in turn, provide free tuitions to school students in their villages.
- Its 70 Bala Badis in villages and slums, provide pre-school education to children in the 3-5 year age group and motivate parents to send their children to schools, indirectly eradicating child labour. It benefited about 1,700 pre-school children during the year.

Health, hygiene and sanitation

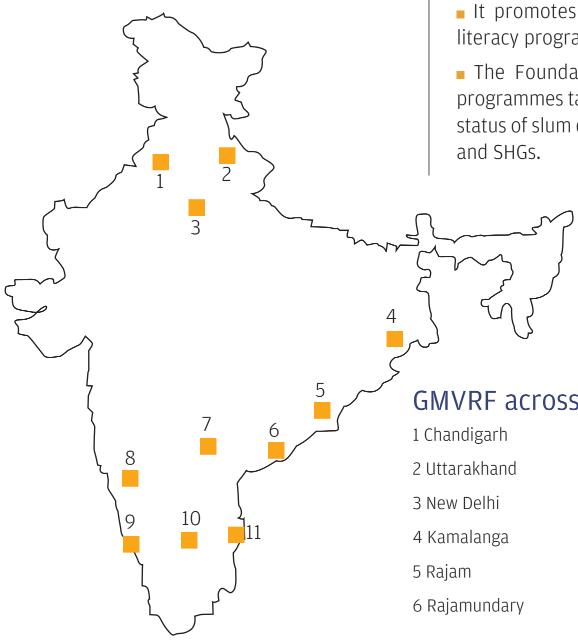
- GMRVF provides ambulance services in geographically remote areas.
- Its Mobile Medical Units (MMU) provide regular medical support in 103 villages. During the year, it catered to 3,000 senior patients (age 60+) and delivered healthcare at their doorstep.
- The Foundation initiates health clinics in areas which lack health facilities.
- Various health awareness sessions, health camps, health rallies and skits are conducted at various locations for different age groups to inculcate the importance of health. AIDS awareness programmes are held at all locations.
- On a pilot basis, a Nutrition Centre for pregnant and lactating women was initiated in Hyderabad during the year. Pregnant women were provided with a diet supplement prepared in consultation with the National Institute of Nutrition, which included eggs, nuts, jaggery, fruit, etc. With 100 per cent institutional deliveries of attending women, and good birth weights of infants having been achieved, the activity will be scaled up in the coming year.
- To facilitate public sanitation for the disadvantaged, the Foundation runs 14 public toilets used by about 4,000 people a day.

Empowerment and livelihoods

- The Foundation runs five institutes to empower unemployed youth through skill training and entrepreneurship development. These institutes offer courses in a variety of skills – refrigerator and air-conditioner repair, TV assembly and repair, handicraft, videography, home nursing etc. After the completion of training, the institutes also help the youth in setting up micro-enterprises or accessing jobs. Over 2,500 young people were trained during the year with a settlement rate of more than 75 per cent.
- The Foundation works with several self-help groups to empower women through economic productivity. It facilitates 80 self-help groups (SHGs) through processes, capacity building, motivation support and training.

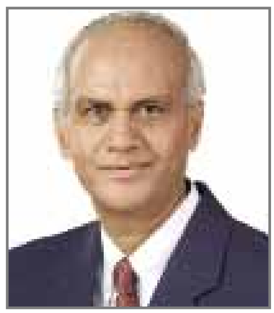
Community development

- GMRVF encourages the formation of youth clubs to enhance awareness and participation of the youth in community development programmes (cleanliness drives, plantation drives etc.). Today, there are 15 youth clubs, two of which are women's groups.
- It has established small libraries in select villages to reintroduce the habit of reading and community bonding. GMRVF runs 30 community libraries in various locations, with about 400 users a day.
- It promotes women's literacy through adult literacy programmes in various locations.
- The Foundation has initiated several urban programmes targeted at improving the economic status of slum dwellers through health, education and SHGs.



GMVRF across India

1 Chandigarh	7 Hyderabad
2 Uttarakhand	8 Haliyal
3 New Delhi	9 Mangalore
4 Kamalanga	10 Bangalore
5 Rajam	11 Chennai Tambaram - Tindivanam
6 Rajamundary	



"We believe in inclusive growth and sustainable development through empowerment and capability building."

K. Balasubramanian, Chairman, Corporate Social Responsibility

GMR Group

Holding Company

- GMR Holdings Private Limited (GHPL)

Subsidiaries of the Company

- GMR Energy Ltd
- GMR Power Corporation Private Limited
- Vemagiri Power Generation Limited
- GMR Mining and Energy Private Limited
- GMR (Badrinath) Hydro Power Generation Private Limited
- GMR Kamalanga Energy Limited
- Himtal Hydro Power Co. (P) Limited, Nepal
- GMR Energy Trading Limited
- GMR Consulting Engineers Private Limited
- GMR Oil and Natural Gas Private Limited
- GMR Tuni Anakapalli Expressways Private Limited
- GMR Tambaram Tindivanam Expressways Private Limited
- GMR Ambala Chandigarh Expressways Private Limited
- GMR Jadcherla Expressways Private Limited
- GMR Pochanpalli Expressways Private Limited
- GMR Ulunderpet Expressways Private Limited
- Delhi International Airport Private Limited
- Delhi Aerotropolis Private Limited
- DIAL Cargo Private Limited
- GMR Hyderabad International Airport Limited
- Hyderabad Menzies Air Cargo Private Limited
- Hyderabad Airport Security Services Limited
- GMR Hyderabad Airport Resource Management Limited
- GMR Hyderabad Aerotropolis Limited
- GMR Hyderabad Aviation SEZ Limited
- GMR Hyderabad Multiproduct SEZ Limited
- Gateways for India Airports Private Limited
- GMR Krishnagiri SEZ Limited
- GMR Infrastructure (Mauritius) Limited
- GMR Infrastructure (Cyprus) Limited
- GMR Infrastructure Overseas Sociedad Limitada
- GMR Infrastructure (UK) Limited
- GMR Energy (Mauritius) Limited
- GMR Corporate Center Limited
- GMR Aviation Private Limited
- GVL Investments Limited
- GMR Infrastructure (Global) Limited, Isle of Man.
- GMR Energy (Global) Limited, Isle of Man.
- GMR Upper Karnali Hydro Power Public Limited
- GMR Lion Energy Limited

Other Subsidiaries of the Holding Company

- GMR Industries Limited
- GMR Ferro Alloys & Industries Limited
- Ideaspace Solutions Limited
- Raxa Security Services Limited
- GMR Estates Private Limited
- GMR Properties Private Limited
- GMR Projects Private Limited
- Saci Sports Private Limited
- GMR Corporate Affairs Private Limited
- GMR Highways Private Limited
- GMR Enterprises Private Limited
- Roshan Investments Private Limited
- Bluemoon Investments Private Limited
- GMR Sports Private Limited
- GMR League games Private Limited
- GMR Holdings (Mauritius) Limited
- Lobelia Properties Private Limited
- Asteria Real Estates Private Limited
- Salvia Real Estates Private Limited
- Dandelion Properties Private Limited
- Delphinium Estates Private Limited
- Lavender Lifespaces Private Limited
- Zinnia Lifespaces Private Limited
- Dahlia Properties Private Limited
- Larkspur Properties Private Limited
- Heather Properties Private Limited
- Bougainvillea Properties Private Limited
- GMR Infra Ventures Private Limited
- Ganasatya Real Estates Private LImited
- Nirasree Real Estates Private LImited
- Rajeswara Real Estates Private LImited
- Sreejaya Properties Private LImited
- Vijaya Nivas Real Estates Private LImited
- Crossridge Investments Limited, Cyprus
- GMR Holding (Malta) Limited
- GMR Infrastructure (Malta) Limited
- GMR Headquarters Private Limited
- Master Globe Limited

Other Group Companies

- GMR Varalakshmi Foundation
- Sri Varalskshmi Jute Twine Mills Private Limited

Joint Venture Companies

- Sabiha Gokcen International Airport, Istanbul (SGIA)(Istanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.)
- Istanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri A.Ş., (Subsidiary of SGIA - Ground Handling Company)

Promoters

- Mr G M Rao
- Mr G B S Raju
- Mr Srinivas Bommidala
- Mr Kiran Kumar Grandhi
- Ms G Varalakshmi
- Ms B Ramadevi
- Ms Smitha Raju
- Ms Ragini Kiran

Directors' report

Dear Shareholders,

Your Directors have pleasure in presenting the 12th Annual Report together with the audited balance sheet and profit and loss account of your Company for the year ended March 31, 2008.

Financial results

Your Company and its business verticals are structured in a distinct and unique way. Whereas your Company is a holding company for the investments made in its subsidiaries, its business operations of airports, energy, highways and urban infrastructure are carried through different subsidiaries. In this structure, your Company does not have independent operating revenues other than dividends from its subsidiaries, interest and other treasury income earned on the surplus funds. Your Company has partnered with some minority shareholders for its various projects, which in the aggregate, is shown as Minority Interest in the financial statements. The consolidated results summarised below, hence, present the full revenues, expenses and the results of the business operations of the Company and its subsidiaries. The Company's standalone financial results for the year are also provided in the following pages.

Consolidated financial results (Rs. in crore)

Particulars	March 31, 2008	March 31, 2007
Gross revenue	2,767.66	1,987.05
Fee paid to Airports Authority of India	403.13	271.98
Net revenue	2,364.53	1,715.07
Operating and administrative expenditure	1,696.28	1,153.06
EBIDTA	668.25	562.01
Interest & finance charges	168.71	144.14
Depreciation	178.51	134.56
Profit before tax	321.03	283.31
Provisions for taxation (including deferred tax and fringe benefit tax)	58.38	41.54
Profit after tax	262.65	241.77
Minority interest	52.57	67.34
Surplus brought forward from previous year	308.61	117.46
Amount available for appropriation after minority interest	518.69	291.89
Appropriations	(5.01)	(16.72)
Available surplus carried to Balance Sheet	523.70	308.61
Earnings per share (Face value of Rs. 2/- each) - Basic and Diluted	1.23	1.11

Consolidated gross revenues grew by about 39 per cent from Rs. 1,987.05 crore to Rs. 2,767.66 crore and net revenues by about 38 per cent from Rs. 1,715.07 crore to Rs. 2,364.53 crore. Revenue streams from the Airport and Energy operations were the key contributions to this growth. EBITDA and PAT have grown respectively by 18.90 per cent and 8.64 per cent over the previous year.

The consolidated PAT for the year is after considering some exceptional items as explained in Management Discussion and Analysis and an incremental loss of Rs. 24.00 crore for the year in Vemagiri Power Generation Limited (VPGL). However, the adverse impact of these items on PAT has been substantially offset by the returns from treasury operations through effective deployment of the proceeds of the Qualified Institutional Placements (QIP) of Equity Shares. It is gratifying to note that VPGL resumed operations during the last quarter of the year, after being idle for about 18 months due to non-availability of gas. The resumption of operations has resulted in lower losses from that unit during the last quarter.

During the year, the percentage holding of minority shareholders in GMR Tambaram – Tindivanam Expressways Private Limited (GTTEPL) and GMR Tuni – Anakapalli Expressways Private Limited (GTAEPL), has come down from 50.99 per cent to 39.23 per cent due to restructuring of their shareholding in January 2008.

It also may be noted that the number of shares, for the purpose of computation of earnings per share (EPS), has been suitably adjusted following the sub-division of equity share of Rs. 10 each to 5 equity shares of Rs. 2 each in October 2007. The increase in number of shares is due to allotment of 16,52,38,088 equity shares of Rs. 2 each on account of allotment of shares to Qualified Institutional Buyers in accordance with SEBI (Disclosure and investor protection) Guidelines 2000 (QIP). These shares were also included, on weighted average basis, for the computation of EPS.

Presented below are the standalone financial results of the Company:

Standalone financial results

(Rs. in crore)

Particulars	March 31, 2008	March 31, 2007
Gross revenue	112.20	34.13
Operating and administrative expenditure	21.16	8.71
EBIDTA	91.04	25.42
Interest & finance charges	25.37	19.95
Depreciation	0.13	0.20
Profit before tax	65.54	5.27
Provisions for taxation (including deferred tax and fringe benefit tax)	2.84	2.39
Profit after tax	62.70	2.88
Surplus brought forward from previous year	81.78	60.29
Amount available for appropriation	144.48	63.17
Appropriations:		
Debenture redemption reserve	(5.14)	(18.61)
Surplus carried to balance sheet	149.62	81.78
Earnings per share (Rs.)- Basic and Diluted	0.37	0.02

The revenues of your Company on standalone basis have gone up by Rs. 78.07 crore (229 per cent) from Rs. 34.13 crore to Rs. 112.20 crore primarily due to treasury income on surplus funds available with the Company out of the proceeds of QIP. The revenues also include a dividend of Rs. 0.76 crore on preference shares held by the Company in GMR Energy Limited (GEL). The increase in operating and administrative expenditure from Rs. 8.71 crore to Rs. 21.16 crore is, inter alia, due to the payment of managerial remuneration etc. The increase in interest expenditure from Rs. 19.95 crore to Rs. 25.37 crore is on account of the loan of Rs. 275 crore availed by the Company from Life Insurance Corporation of India (LIC) during the year.

Dividend

Your Company is implementing several new projects through its subsidiaries and also actively scanning the global horizon for emerging opportunities. In order to conserve the funds to meet the investment requirements for such new business opportunities, which we believe will enhance the shareholders' value in the long term, your Directors have not recommended any dividend for the financial year 2007-08.

Subsidiary companies

As a purposeful strategy, your Company carries all its business operations through several subsidiary and associate companies which are formed either directly or as step-down subsidiaries or in certain cases by acquistion of a majority stake in existing enterprises.

As on March 31, 2008, your Company has a total of 36 Subsidiary Companies and two associate companies.

The total list of subsidiary companies including companies formed after March 31, 2008 is provided as annexure 'C' to this report.

Review of Operations / Projects of Subsidiary Companies

The business of the Company is broadly segmented into four sectors: (1) Airports (2) Energy (3) Highways & Urban Infrastructure (4) Corporate & International Business. All these four business verticals are operated through various subsidiary / associate companies. While detailed review of the operations of each subsidiary's business is presented in the respective company's Directors' Report, a brief overview of the major developments thereof is presented below. Further, Management Discussion and Analysis, forming part of this Report, also brings out a brief review of the business operations of various subsidiaries and associates.

Airport Sector

Airports business of the Company consists of two airports at Delhi and Hyderabad in India and Istanbul in Turkey. Briefly presented below are the significant developments in these three assets during the year.

- Honoring a major commitment to the nation, the Company has commissioned the operations of Rajiv Gandhi International Airport at Hyderabad with effect from March 23, 2008. This Airport has been built to global standards and completed in a record time of less than 30 months. In a short time, the operations of the airport have been stabilised and the airport is running very smoothly, setting new benchmarks in the Indian Aviation Infrastructure industry.

- During the year under review, the Delhi International Airport (P) Limited (DIAL) achieved financial closure of the project. The total capital expenditure outlay for the first phase till year 2010 is estimated at Rs. 8,975 crore. The construction of the third runway and the up-gradation work of the domestic and existing international terminals is well on schedule to meet the target dates. The construction work of the new integrated terminal being built to international standards with the state of the art facilities, scheduled to be completed by March, 2010 is also progressing on well to meet the target date.

- The Company made its foray in international business by winning a mandate, in consortium with Limak Group, Turkey and Malaysian Airport Holding Berhad, for operating and expanding Sabiha Gokcen International Airport at Istanbul, Turkey. The consortium has since taken over the operations of the project and commenced construction work for increasing the capacity of the airport.

Energy Sector

The Energy business of the Company consists of three operating plants in India, aggregating to about 808.5 MW and seven coal and hydro assets under development in India and Nepal, totalling to 3290 MW. Further, the Company, consolidating its international business operations and investments, has acquired a stake of 50 per cent in Intergen N.V. which operates 8086 MW of installed capacity across four continents and is further developing power projects aggregating to 4680 MW. To achieve fuel security to set up additional capacities, the Company is also looking at investing in and acquisition of coal mines overseas. As part of this endeavor, GEL has acquired a 10 per cent equity stake in Homeland Mining & Energy SA (Pty) Limited, (HMESA), South Africa, which owns three advanced development / pre-development stage coal projects and has rights to conduct surveys of eight additional properties in South Africa. GEL also has non-obligatory option to acquire up to an additional 40 per cent equity interest in HMESA.

The significant developments in various operating and developmental assets during the year are stated below:

- The 220 MW barge mounted power plant is being shifted to a place near Kakinada, Andhra Pradesh, to operate as a merchant plant. The location shift has become necessary as the project completed its 7 year power purchase agreement with Karnataka power distribution companies.

- During the financial year, GMR Power Corporation Private Limited (GPCPL) has disinvested 24 per cent stake in GMR Tambaram - Tindivanam Expressways Private Limited and GMR Tuni - Anakapalli Expressways Private Limited to GVL Investment Private Limited a subsidiary of the Company. Consequent to above disinvestment, these companies ceased to be the subsidiaries of GPCPL but continue to be subsidiaries of the Company. Further GEL has also disinvested 13% stake in these companies.

- After being idle for about 15 months due to non-availability of gas, Vemagiri Power Generation Limited (VPGL) resumed operations in February, 2008 and continued generation till April, 2008. This resumption of operations for a brief period was possible due to the temporary diversion of gas that was made available for running the plant. The plant is expected to resume operations on sustained basis in the second half of the financial year.

- The 1050 MW coal fired Kamalanga Project in Orissa has secured its fuel sourcing requirements through a coal linkage as well as coal block allocation from Ministry of Coal, Government of India (GoI). GKEL has been formed as the SPV to implement the project.

- The pre-feasibility report for the 1050 MW coal fired power project in Chhattisgarh has been approved by the State Government. The State Government has committed the allocation of required water and land and has also recommended to the Ministry of Coal and Power for the allocation of coal linkage.

- GUKHPPL entered into an MOU with Government of Nepal for setting up a 300 MW hydro power project at Upper Karnali on BOOT basis. .

- GMR Energy Limited (GEL) acquired 80 per cent stake in Himtal Hydro Power Company Private Limited, Nepal, which has rights to develop 250 MW Hydro Project on Marsyangdi River on BOOT basis.

- Based on the detailed project report, the State Government of Uttarakhand has consented to increase the capacity of the Badrinath Hydro Power Project from 140 MW to 300 MW and has recommended to Central Electricity Authority to approve such increase in capacity.

- Executed pre implementation agreement with Government of Himachal Pradesh for setting up of 180 MW Bajoli Holi Hydro power project on BOOT basis.

Highways

The Highways Sector of the Company comprise two operating annuity road projects and four road projects currently under construction. Of these four projects under construction, one is an annuity project while the other three are toll projects. The aggregate length of all these six projects is 421 four lane kms. The construction of the said four projects is well on schedule and all these projects will be commissioned before the concession time-lines during the course of the financial year 2008-09. Due to the steep increase in the input costs, the cost of Ambala – Chandigarh project is likely to increase by about Rs. 100 crore over the original project cost of Rs. 391 crore.

Urban Infrastructure

Urban Infra is a new business vertical, launched during the year. This vertical consists of SEZ and Urban Property businesses. Brief project details of this business vertical are given below:

- Foraying into SEZ Business, the Company entered into an MOU with Tamil Nadu Industrial Development Corporation (TIDCO) for the development of a 3,300 acre multi product special economic zone in Krishnagiri District of Tamil Nadu and GKSL was formed for the purpose. The land acquisition is in progress and is expected to be completed to a major extent by October 2008.

- GMR Hyderabad International Airport Limited received approval from Board for its two airport SEZs of about 250 acre each. While one project will be a multi product SEZ, the other SEZ will be exclusively for aviation sector.

- The company is envisaging development of properties around airports as explained further in Management Discussion & Analysis.

Corporate & International Business

The Corporate Business includes provision of common services, resources to all group businesses and Corporate Aviation. Corporate Aviation business of the Company consists of chartering corporate jets both to the group companies as well as to third parties. The Company's wholly owned subsidiary, GAPL, purchased a Falcon corporate jet during the year. To meet the growing demand in aircraft chartering by corporates, it has placed orders for one helicopter and four corporate jets. It is also planning to acquire a Falcon corporate jet, currently owned by a group company.

International Business division (IBD) headquartered in London conducts its operations across the globe scouting for new business opportunities in Infrastructure domain. The businesses acquired through IBD viz. Sabiha Gokcen International Airport and Intergen N.V have been explained under Airport sector and Energy sector respectively. More details on the functioning of the IBD are given elsewhere in the Annual report.

Human Resources and Institutional Building

The Group set upon a robust process of human resources development and institutional building, which is described in detail in Management Discussion and Analysis under the heading "Developments in human resources and organisation development at GMR Group".

Consolidated financial statements

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, balance sheet and profit and loss account of its subsidiary companies to its Annual Report. The Ministry of Corporate Affairs, Government of India (GoI), vide its letter(s) no. 47/63/2008-CL-III dated March 10, 2008 and May 06, 2008, has granted exemption to your Company for not attaching the above documents of subsidiaries with Annual Report of the Company for the financial year 2007-08. Accordingly, this Annual Report does not contain the reports and other statements of the subsidiary companies. The Company will make available the annual audited accounts and related detailed information of the subsidiary companies upon request by any member of the Company. These documents will also be available for inspection during business hours at the registered office of the Company and also at the registered offices of the subsidiary companies.

The statement pursuant to above stated approval of GoI, about financial information of each subsidiary company, containing details of (a) capital, (b) reserves, (c) total assets, (d) total liabilities, (e) details of investment (except in case of investment in subsidiaries), (f) turnover, (g) profit before taxation, (h) provision for taxation, (i) profit after taxation and (j) proposed dividend is annexed to this report. However, the financial statements of GHASL, GHMSL, GIUL and GONGPL are not consolidated with the Company, since these companies are yet to close their books of accounts for the first year. GCCL is a guarantee company having no share capital and commercial operations. Hence, GCCL is also not considered for consolidation.

As required by Accounting Standard – 21 and Listing Agreement with stock exchanges, the audited consolidated financial statements of the Company and its subsidiaries are attached.

Changes in share capital

Increase in authorised share capital

In order to meet the requirement of funds to match with its growth and business plans, consequent upon the approval of the members at the previous Annual General Meeting, the Company had increased authorised share capital from Rs. 400 crore to Rs. 750 crore.

During the year under review, your Company has sub-divided its equity shares from a face value of Rs. 10 to Rs. 2 to enhance the liquidity of the stock and broad base our investor community vide record date fixed on October 8, 2007.

Qualified Institutional Placements (QIP)

During the year under review, your Company successfully completed issue of 16,52,38,088 equity shares of Rs. 2 each at a price of Rs. 240 per equity share, including a premium of Rs. 238 per equity share, aggregating Rs. 3,965.71 crore to Qualified Institutional Buyers (QIBs) as per Chapter XIII-A of SEBI (DIP) Guidelines, 2000, through the QIP. The QIP was opened for subscription to QIBs on December 05, 2007 and closed on December 10, 2007.

A total of 49 QIBs had subscribed to 16,52,38,088 equity shares of Rs. 2 each. The entire money amounting to Rs. 3,965.71 crore was received and allotment of shares was completed on December 12, 2007. The BSE and the NSE had given trading permission for the equity shares issued to QIBs on December 13, 2007.

Due to these corporate actions, the issued, subscribed and paid-up equity share capital increased from 33,10,84,000 equity shares of Rs. 10 each as on March 31, 2007 to 182,06,58,088 equity shares of Rs. 2 each as on March 31, 2008.

The Company has paid the listing fees payable to the BSE and the NSE for the financial year 2008-09.

Directors

Reappointments

Mr. K. Balasubramanian, Mr. K.R. Ramamoorthy, Dr. Prakash G. Apte and Mr. R.S.S.L.N. Bhaskarudu, Directors, retiring by rotation and being eligible, offer themselves for reappointment.

The Board recommends their reappointment for your approval.

The professional background of the above Directors are given under the section "Board of Directors", in the Corporate Governance Report, attached to the Annual Report.

Appointments

Mr. O.B. Raju, was appointed as an Additional Director on the Board with effect from October 18, 2007 and holds office till the ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received from the member of the Company, for his appointment.

Resignations

Mr. P.B. Vanchi, resigned as Director from the Board with effect from July 30, 2007. The Board places on record, its appreciation for the valuable contribution made by Mr. P.B. Vanchi during his tenure as Director of the Company.

Directors' responsibility statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, it is hereby confirmed:

1. That in the preparation of the annual accounts for the year ended March 31, 2008, the applicable Accounting Standards have been followed and proper explanations were provided for material departures, if any.

2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year.

3. That the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. That the Directors had prepared the accounts for the financial year ended March 31, 2008, on a going concern basis.

Corporate Governance

Your Company has been practicing the principle of good Corporate Governance over the years and it is a continuous and ongoing process. A detailed report on Corporate Governance practices followed by your Company, in terms of Clause 49 (VI) of the Listing agreement with Stock Exchanges is provided separately in this Annual Report.

Management Discussion and Analysis (MDA)

The Management Discussion and Analysis, forming part of this report, as required under Clause 49(IV) (F) of the Listing Agreement with the stock exchanges is attached separately in this Annual Report.

Auditors and Auditors' Report

M/s. PriceWaterhouse, Chartered Accountants, statutory auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company. They have offered themselves for reappointment as statutory auditors and have confirmed that their appointment, if made, will be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

The Notes to Accounts forming part of the financial statements are self-explanatory and need no further explanation.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/explanation.

Corporate Social Responsibility (CSR)

GMR Group is a socially committed organisation and a socially responsible corporate citizen. It attaches paramount importance to discharge its overall social responsibilities to the community and the society at large.

The GMR Group's social responsibility initiatives are implemented through GMR Varalakshmi Foundation (the Foundation), the CSR arm of the GMR Group. The Foundation is involved mainly in the areas of education, health and hygiene, community-based programmes and empowerment and entrepreneurship development. It reaches out with the objective of improving the quality of life of the economically deprived people in the places where the Group has a presence. The Foundation carries its activities currently in Arunachal Pradesh, Bangalore, Chennai, Chandigarh, Delhi, Hyderabad, Haliyal, Mangalore, Orissa, Rajahmundry, Rajam, and Uttarakhand.

More details on the activities of the Foundation are given elsewhere in the Annual Report.

Conservation of energy, technical absorption and Foreign Exchange earnings and outgo

The Particulars as required under section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, are set out in the annexure "A" included in this report.

Particulars of employees

The Particulars as required under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, are set out in the annexure "B" included in this report.

Fixed Deposits

During the year under review, the Company has not accepted any deposit from the public.

Acknowledgments

Your Directors wish to express their grateful appreciation for the valuable support and cooperation received from lenders, business associates, banks, financial institutions, shareholders, various Statutory Authorities and society at large. Your Directors also place on record, their appreciation for the contribution and hard work of employees of the Company and its subsidiaries at all levels. Their commitment, dedication and hard work is fueling your Company's growth.

For and on behalf of the Board

Sd/-
G. M. Rao
Executive Chairman

Place: Bangalore
Date : July 10, 2008

Annexure "A" to the Directors' report

Information pursuant to Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, as amended and forming part of the Directors' Report for the year ended March 31, 2008.

1. Conservation of energy and technology absorption:

Since the Company is not engaged in any manufacturing activity, the particulars are not applicable.

2. Foreign Exchange earnings and outgo in Foreign Exchange during the period:

The particulars relating to Foreign Exchange earnings and outgo in Foreign Exchange incurred during the period are:

i) There were no Foreign Exchange earnings during the year.

ii) The details of Foreign Exchange outgo are as shown below:

(Rs. in crore)

Particulars	As at March 31, 2008	As at March 31, 2007
Traveling expenses	0.16	0.26
Professional charges	1.97	5.68
Others	0.08	0.00

For and on behalf of the Board

Sd/-
G. M. Rao
Executive Chairman

Place: Bangalore
Date : July 10, 2008

Annexure "B" to the Directors' report

Information pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended and forming part of the Directors' Report for the year ended March 31, 2008.

(A) Employed throughout the year and were in receipt of remuneration aggregating not less than Rs. 24 lacs per annum.

Name and age	Designation and nature	Remuneration received (Rs. p.a.)	Qualification and experience (in years)	Date of joining	Particulars of last employment
Mr. A.S. Cherukupalli Age: 55 yrs	Company Secretary & Compliance Officer	37,85,145	FCS, FICWA, FCA, MBA (30 years)	20-11-2000	Director (Finance) & Company Secretary – ARM Ltd

(B) Employed for part of the year under review and were in receipt of remuneration for any part of the year at a rate which in aggregate was not less than Rs. 2 lacs per month.

Name and age	Designation and nature	Remuneration received (Rs. p.a.)	Qualification and experience (in years)	Date of joining	Particulars of last employment
Mr. G. M. Rao Age: 59 yrs.	Executive Chairman	3,27,70,662	B.E. Mechanical (35 years)	18-10-2007	Industrialist & Entrepreneur
Mr. G. B. S. Raju Age: 34 yrs.	Managing Director and Group CFO	1,96,62,397	B.Com (14 years)	18-10-2007	Industrialist & Entrepreneur

Note:

1. Mr. G. B. S. Raju, Managing Director & Group CFO is related to Mr. G. M. Rao as his son.
2. The nature of employment is contractual.
3. None of the employees by themselves or along with their spouse and dependent children hold more than 2 per cent shares of the Company.

For and on behalf of the Board

Sd/-
G. M. Rao
Executive Chairman

Place: Bangalore
Date : July 10, 2008

Annexure 'C' to the Directors' Report

GMR Infrastructure Limited - Subsidiaries

Sectors	Direct Subsidiaries	Subsidiaries to Subsidiaries					
Airports	Delhi International Airport Pvt Ltd (DIAL)	Subsidiaries of DIAL					
		DIAL Cargo Pvt Ltd (DCPL)	Delhi Aerotropolis Pvt Ltd (DAPL)				
	GMR Hyderabad International Airport Ltd (GHIAL)	Subsidiaries of GHIAL					
		GMR Hyderabad Aerotropolis Ltd (GHAL)	GMR Hyderabad Airport Resource Management Ltd (GHARML)	Hyderabad Airport Security Services Ltd (HASSL)	Hyderabad Menzies Air Cargo Pvt Ltd (HMACL)	GMR Hyderabad Aviation SEZ Ltd (GHASL)	GMR Hyderabad Multi Product SEZ Ltd (GHMSL)
Energy	GMR Energy Ltd (GEL)	Subsidiaries of GEL					
		Vemagiri Power Generation Pvt Ltd (VPGL)	GMR (Badrinath) Hydro Power Generation Pvt Ltd (GBHPGL)	GMR Mining & Energy Pvt Ltd (GMEPL)	GMR Ambala - Chandigarh Expressways (Private) Ltd (GACEPL)	GMR Kamalanga Energy Ltd (GKEL)	GMR Consulting Engineers Pvt Ltd (GCEPL)
		Subsidiaries of GEL			Subsidiary of GEML	Subsidiary of GLEL	
		GMR Power Corporation Pvt Ltd (GPCPL)	Himtal Hydro Power Generation Co Pvt Ltd (HHPCPL)	GMR Energy (Mauritus) Ltd (GEML)	GMR Lion Energy Ltd (GLEL)*	GMR Upper Karnali Hydro Power Public Limited (GUKHPPL)*	
	GMR Energy Trading Ltd (GETL)						
Highways	GMR Pochanpalli Expressways Pvt Ltd (GPEPL) GMR Jadcherla Expressways Pvt Ltd (GJEPL) GMR Tambaram - Tindivanam Expressways (P) Ltd (GTTEPL) GMR Tuni - Anakapalli Expressways (P) Ltd (GTAEPL) GMR Ulundurpet Expressways Pvt Ltd (GUEPL)						
Urban Infrastructure	GMR Krishnagiri SEZ Ltd (GKSL)						
Corporate & International Business	GMR Infrastructure (Mauritius) Ltd (GIML) GMR Corporate Centre Ltd (GCCL) GVL Investments Pvt Ltd (GVL) GMR Aviation Pvt Ltd (GAPL) GMR Oil and Natural Gas Pvt Ltd (GONGPL) Gateways for India Airports Pvt Ltd (GFIAPL)	Subsidiaries of GIML		Subsidiaries of GICL		Subsidiary of GIGL	
		GMR Infrastructure (UK) Ltd (GIUL)	GMR Infrastructure (Cyprus)Ltd (GICL)	GMR Infrastructure Overseas Sociedad Limitada (GIOSL)	GMR Infrastructure (Global) Ltd (GIGL)*	GMR Energy (Global) Ltd (GEGL)*	

* companies formed after March 31, 2008.

Statement pursuant to approval of the Central Government under Section 212(8) of the Companies Act, 1956 about the financial information of the Subsidiary Companies

(Rs. crore)

Subsidiary	Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
GMR Energy Limited	799.08	141.36	712.88	471.94	699.50	721.97	152.18	17.55	134.63	0.76
GMR Power Corporation Pvt. Ltd.	247.50	186.60	400.17	193.71	226.85	765.56	15.76	0.80	14.96	-
Vemagiri Power Generation Ltd.	274.50	(192.23)	1,101.25	1,018.98	-	53.67	(109.03)	0.10	(109.13)	-
Himtal Hydro Power Company Pvt. Ltd., Nepal	1.63	-	1.76	0.13	-	-	-	-	-	-
GMR Tambaram-Tindivanam Expressways Pvt. Ltd.	1.00	51.17	562.34	511.68	1.51	80.62	25.07	2.89	22.18	-
GMR Tuni-Anakapalli Expressways Pvt. Ltd.	1.00	35.60	420.33	386.97	3.24	59.00	16.96	1.96	15.00	-
Delhi International Airport Pvt. Ltd.	700.00	85.99	3,395.80	3,490.35	880.54	870.58	88.29	31.64	56.66	-
DIAL Cargo Pvt. Ltd.	0.10	(0.04)	0.06	-	-	-	-	-	-	-
Hyderabad Menzies Air Cargo Pvt. Ltd.	1.02	(1.79)	35.76	36.53	-	0.46	(1.78)	0.01	(1.79)	-
GMR Ambala Chandigarh Expressways Pvt. Ltd.	93.13	-	328.00	234.87	-	-	-	-	-	-
GMR Jadcherla Expressways Pvt. Ltd.	60.10	-	331.62	276.83	5.32	-	-	-	-	-
GMR Pochanpalli Expressways Pvt. Ltd.	70.38	-	342.75	272.37	-	-	-	-	-	-
GMR Ulundurpet Expressways Pvt. Ltd.	101.36	-	467.69	367.74	1.41	-	-	-	-	-
GMR Hyderabad International Airport Ltd.	0.06	49.19	2,680.99	2,721.60	89.86	5.96	(57.70)	0.11	(57.81)	-
GMR Hyderabad Airport Resources Management Limited	0.05	(0.01)	2.70	2.66	-					
Gateways For India Airports Pvt. Ltd.	0.01	0.01	5.18	5.69	0.54	0.01	0.01	-	0.01	-
GVL Investments Pvt. Ltd.	2.50	66.56	116.09	466.87	419.80	37.67	16.04	1.37	14.647	-
GMR Kamalanga Energy Ltd.	0.05	-	8.55	22.66	14.12	-	-	-	-	-
GMR Energy Trading Ltd.	2.00	-	2.03	0.03	-	-	-	-	-	-
GMR Consulting Engineers Pvt. Ltd.	0.01	-	0.02	0.01	-	-	-	-	-	-
GMR (Badrinath) Hydro Power Generation Pvt. Ltd.	5.00	-	94.59	89.59	-	-	-	-	-	-
GMR Hyderabad Aerotropolis Ltd.	0.05	-	0.07	0.02	-	-	-	-	-	-
Hyderabad Airport Security Services Ltd.	0.05	-	51.92	51.87	-	-	-	-	-	-
Delhi Aerotropolis Pvt. Ltd.	0.10	-	5.51	5.41	-	-	-	-	-	-
GMR Krishnagiri SEZ Ltd.	0.05	-	55.41	55.36	-	-	-	-	-	-
GMR Aviation Pvt. Ltd.	20.00	-	155.36	135.36	-	19.45	(3.01)	(0.90)	(2.11)	-
GMR Mining & Energy Pvt. Ltd.	0.02	-	0.06	0.04	-	-	-	-	-	-
GMR Infrastructure (Mauritius) Ltd.	0.00	(0.03)	0.16	0.22	0.02	-	-	-	(0.03)	-
GMR Infrastructure Overseas Sociedad Limitada	3.49	(0.02)	0.31	0.00	3.17	-	-	-	(0.02)	-
GMR Infrastructure (Cyprus) Ltd.	0.01	(0.05)	0.03	3.54	3.47	-	-	-	(0.05)	-
GMR Energy (Mauritius) Ltd.	10.03	(7.98)	1.95	0.02	-	-	-	-	(8.04)	-

Information relating to the following subsidiaries is not provided above as their first year books of accounts have not been closed.
▪ GMR Hyderabad Aviaiton SEZ Limited ▪ GMR Hyderabad Multi Product SEZ Limited ▪ GMR Oil and Natural Gas Private Limited ▪ GMR Corporate Center Limited ▪ GMR Infrastructure (UK) Limited

Report on Corporate Governance

Guiding Scope of Corporate Governance

Corporate governance is the set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. The principal stakeholders are the shareholders, management and the board of directors. Other stakeholders include employees, suppliers, customers, banks and other lenders, regulators, the environment and the community at large. *

Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders .... also the structure through which objectives of the Company are set, and the means of attaining those objectives and monitoring performance are determined. **

Fundamental objective of Corporate Governance is the enhancement of the long term shareholders' value while at the same time protecting the interests of the other stakeholders.***

Principles of sound Corporate Governance had been etched and followed in India ages before the modern corporate was born in the World. **Kautilya**, the first recorded and renowned Economist of India, lays down the following four principles of Governance in his **Arthashastra**.

- Raksha - Protection
- Vridhi - Enhancement
- Palana - Maintenance
- Yogakshema - Safeguarding

The aforesaid four principles of Governance are at the core of the currently evolving principles of modern Corporate Governance. Sound Corporate Governance mandates that investment of the shareholders be prudently protected, their wealth be systematically enhanced through entrepreneurial and productive use of the assets, their resources be managed and maintained with utmost care and caution with a fiduciary responsibility while simultaneously and uncompromisingly safeguarding the interests of all the other stakeholders, including society at large.

1. Company's Philosophy on Code Governance

'Attainment of the right results with right means' summarises GMR's way of corporate governance. We do not merely search the pages of legislation to lay the path of our Governance. Transcending this limited legal form and gauging into the hearts and minds of all the stakeholders gives us the substance and spirit of this 'means-to-ends process'. For us Corporate Governance is not destination, but a journey, a journey wherein we seek to perpetually improve the conscience of the well balanced interests of all the stakeholders as we walk the miles, spend the years, do more projects and spread our presence through continents to touch more and more lives. Balancing the interests of all the stakeholders is a challenge that we constantly face in this marathon.

Our seven values, which we are in the process of making the genetic code of the organisation, vibrate and resonate with the spirit of principles of governance.

- **Entrepreneurial** culture of the organisaton builds value adding business and enhances shareholders' value.
- **Teamwork and Relationships** bring in the synergy of human intelligence, contributing to organisation's well being, openness and transparency.
- **Deliver the Promise** puts in place the system of responsibility and accountability at every level.
- **Learning** not only makes organisation more agile and competitive but also enhances the employees' knowledge, competencies and net worth and thus builds his/her career with increased rewards.
- **Social Responsibility** value makes us totally responsible for legal and tax compliances, safeguards the interests of the society and nature and recognises the needs of the needy for channeling organisation's resources for their redressal and upliftment.
- **Respect for Individual** treats every shareholder, employee, vendor, customer, citizen and other stakeholder with care, sensitivity and dignity.
- **Humility**, above all, constantly keeps achievement-triggered-arrogance-tendency under ever-awakened vigil and empowers us to discharge our fiduciary duty with complete responsibility.

While we go beyond the legal provisions of Corporate Governance as explained above, the statutory compliances in this regard are set forth below.

2. Board of Directors

A. Composition of the Board

As on March 31, 2008, the Board consists of fourteen Directors, including one Executive Chairman and one Managing Director. 12 Directors are Non-Executive Directors; out of them 7 are Independent Directors. All important strategic policy matters are deliberated at the Board meetings where the role of Independent Directors is crucial. The Independent Directors are all expert professionals with high credentials, who actively contribute in the deliberations of the Board.

* Wikipedia
** OECD Principles on Corporate Governance
*** SEBI Report on Corporate Governance, January 2000

The Board constitutes the following:

Sl. no.	Name of Director	Director Identification Number [DIN]	Category	Number of other directorships held in other public limited companies #		Number of committee* chairmanships/ memberships held in other public limited companies as on March 31, 2008	
				Chairman	Director	Chairman	Member
1.	Mr. G. M. Rao	00574243	Executive Chairman	5	–	–	–
2.	Mr. G. B. S. Raju	00061686	MD	3	4	–	2
3.	Mr. Srinivas Bommidala	00061464	NEPD	6	6	–	4
4.	Mr. Kiran Kumar Grandhi	00061669	NEPD	–	6	–	–
5.	Mr. B. V. N. Rao	00051167	NEPD	8	2	1	3
6.	Mr. K. Balasubramanian	00009132	NEPD	–	5	1	2
7.	Mr. Arun K. Thiagarajan	00292757	NEID	–	10	1	5
8.	Mr. K.R. Ramamoorthy	00058467	NEID	1	8	2	5
9.	Dr. Prakash G. Apte	00045798	NEID	–	6	–	–
10.	Mr. R.S.S.L.N. Bhaskarudu	00058527	NEID	1	3	2	1
11.	Mr. T.R. Prasad	00084175	NEID	–	8	2	5
12.	Mr. Udaya Holla	00245641	NEID	–	3	–	–
13.	Mr. Uday M. Chitale	00043268	NEID	–	6	3	1
14.	Mr. O. Bangaru Raju**	00082228	NED	–	3	–	2

MD - Managing Director

NEPD - Non-Executive Promoter Director

NEID - Non-Executive Independent Director

NED - Non-Executive Director

Other companies do not include alternate directorships, directorships of private limited company, Section 25 companies and companies incorporated outside India.

* Committee means Audit Committee and Shareholders' Transfer & Grievance Committee.

** Appointed as an Additional Director with effect from October 18, 2007.

Relationships between directors inter-se.

Sl. no.	Name of the Director	Relationship
1	Mr. G. M. Rao	Father of Mr. G. B. S. Raju and Mr. Kiran Kumar Grandhi, father-in-law of Mr. Srinivas Bommidala
2	Mr. Srinivas Bommidala	Son-in-law of Mr. G. M. Rao, brother- in-law of Mr. G. B. S. Raju and Mr. Kiran Kumar Grandhi
3	Mr. G. B. S. Raju	Son of Mr. G. M. Rao, brother of Mr. Kiran Kumar Grandhi, brother-in-law of Mr. Srinivas Bommidala
4	Mr. Kiran Kumar Grandhi	Son of Mr. G. M. Rao, brother of Mr. G.B.S Raju, brother-in-law of Mr. Srinivas Bommidala

B. Board meetings:

Eight Board Meetings were held during the financial year ended on March 31, 2008. These meetings were held on May 22, 2007, June 30, 2007, July 27, 2007, August 18, 2007, August 30, 2007, October 18, 2007, January 24, 2008 and February 28, 2008. The maximum gap between two meetings was 97 days.

C. Directors' attendance record:

The attendance of Directors at the Board meetings held during the financial year ended March 31, 2008 and at the previous Annual General Meeting held on August 30, 2007 was as under.

Name of the Directors	Board meetings during the period April 1, 2007 to March 31, 2008		Whether present	Whether present
	Held	Attended	at the previous AGM	at the previous EGM
Mr. G. M. Rao	8	8	Yes	Yes
Mr. Srinivas Bommidala	8	3	Yes	No
Mr. G. B. S. Raju	8	5	Yes	No
Mr. Kiran Kumar Grandhi	8	2	Yes	No
Mr. B. V. N. Rao	8	6	Yes	Yes
Mr. K. Balasubramanian	8	6	Yes	Yes
Mr. P B Vanchi+	3	2	NA	NA
Mr. Arun K. Thiagarajan	8	7	Yes	No
Mr. K. R. Ramamoorthy	8	7	Yes	Yes
Dr. Prakash G Apte	8	6	Yes	No
Mr. R.S.S.L.N. Bhaskarudu	8	7	Yes	No
Mr. Udaya Holla	8	4	No	Yes
Mr. Uday M. Chitale	8	8	Yes	No
Mr. T.R. Prasad	8	8	No	Yes
Mr. O.B. Raju*	3	1	NA	Yes

+ Ceased to be a Director with effect from July 30, 2007

* Appointed as an Additional Director with effect from October 18, 2007

D. Profile of Directors being appointed in the ensuing Annual General Meeting to be held on August 19, 2008

i) **Mr. K. Balasubramanian,** 65, Director, has been on the Company's Board since 2004. He is also on the Board of few subsidiaries of the Company. Before he joined the Board, his last professional assignment was as the Managing Director and CEO of ING Vysya Bank. He has nearly 40 years of experience in international banking and worked with four large banks in India and abroad. In his 25 years tenure with American Express Bank, he held several senior positions such as the Country Head for Korea and India as well as the Chief Credit Officer for the Asia-Pacific region and Indian subcontinent.

He holds 51,000 equity shares of the Company as on March 31, 2008.

Details of his directorships and committee memberships are as follows:

Sl. no.	Name of the Company (Directorship)	Committee chairmanship /memberships
1.	GMR Infrastructure Limited	Member - Remuneration Committee, Management Committee, Debenture Allotment Committee, Treasury Committee
2.	GMR Hyderabad International Airport Limited	Member - Audit Committee
3.	GVL Investments Private Limited	–
4.	GMR Varalakshmi Foundation	Member - Management Committee, Steering Committee for Education, Steering Committee for Community Services Wing
5.	GMR Holdings Private Limited	–
6.	Easy Access Financial Services Limited	–
7.	D Q Entertainment Limited	Chairman - Audit Committee
8.	Coromandel Fertilizers Limited	Member - Audit Committee

ii) **Mr. K.R. Ramamoorthy,** 68, Director, has been on the Company's Board since September 2005. He is also on the Board of some subsidiaries of the Company. He is a very senior banker, with over four decades of commercial and banking experience in India. He served as the Chairman and Managing Director of Corporation Bank and ING Vysya Bank. He is currently the Non-Executive Chairman of ING Vysya Bank. He has been consulting for World Bank, IFC and commercial banks in India and other developing countries. His services are also being availed by World Bank, IMF and IFC. Presently, he is also on the Boards of several other companies as Independent Director.

He holds nil equity shares of the Company as on March 31, 2008.

Details of his directorships and committee memberships are as follows:

Sl. no.	Name of the Company (Directorship)	Committee chairmanship /memberships
1.	GMR Infrastructure Limited	Chairman – Audit Committee, Remuneration Committee and Treasury Committee, Member – Shareholders' Transfer & Grievance Committee
2.	GMR Power Corporation Private Limited	Member – Audit Committee
3.	GMR Ambala Chandigarh Expressways Private Limited	Chairman – Audit Committee Member - Remuneration Committee
4.	GVL Investment Private Limited	–
5.	ING Vysya Bank Limited	Member – Audit Committee, Corporate Governance Committee
6.	The Clearing Corporation of India Limited	Member – Audit Committee
7.	Subros Limited	Member – Audit Committee
8.	Nilkamal Plastics Limited	Chairman – Audit Committee
9.	Fidelity Trustee Company Private Limited	Member – Audit Committee
10.	Amrit Corp. Limited	–
11.	Ujjivan Financial Services Private Limited	–
12.	Gryffon Investment Advisors Private Limited	–
13.	ABC Paper Limited	Member – Audit Committee

iii) **Dr. Prakash G. Apte**, 61, Director, has been on the Company's Board since September 2005. He holds a doctorate degree in Economics from the Columbia University. He also holds a post graduate diploma in management from the Indian Institute of Management, Kolkata and B.Tech. (Mechanical Engineering) from the Indian Institute of Technology, Mumbai. He was a Director of the Indian Institute of Management, Bangalore. Currently, he is UTI Chair Professor at the Indian Institute of Management, Bangalore. He taught Economics at the Vassar College, Poughkeepsie, the US and Columbia University. He was a consultant at Edison Electric Institute, New York and a project manager at Centron Industrial Alliance, Mumbai. He has published four books and several articles in academic journals and professional media. He has served on expert committees appointed by NSE and SEBI and is a consultant to several leading organisations in Government, public and private sectors. He has also been a visiting faculty at the Katholieke Universiteit Leuven, Belgium. He is also on the Boards of several other companies.

He holds 15,000 equity shares of the Company as on March 31, 2008.

Details of his directorships and committee memberships are as follows:

Sl. no.	Name of the Company (Directorship)	Committee chairmanship /memberships
1.	GMR Infrastructure Limited	Member – Remuneration Committee, Treasury Committee
2.	GVL Investments Private Limited	–
3.	Bharat Earth Movers Limited	–
4.	UTI Asset Management Company Private Limited	–
5.	Power Finance Corporation of india limited	–
6.	Multi Commodity Exchange of India Limited	–
7.	Hindustan Petroleum Corporation Limited	–
8.	Deposit Insurance and Credit Guarantee Corporation	–

iv) **Mr. R.S.S.L.N. Bhaskarudu**, 67, Director, has been on the Company's Board since September 2005. He is also on the Board of GHIAL, a subsidiary of the Company. He is a graduate Electrical Engineer from the College of Engineering, Andhra University. He has over 45 years of experience with proven track record in management and leadership positions. He served more than twenty one years at Bharat Heavy Electricals Limited (BHEL). During his tenure in BHEL, he was involved in the development and production of turbine generator sets, including auxiliaries all over the country. He also worked for over 16 years with Maruti Udyog Limited (MUL) from its inception. He served as the Managing Director of MUL. He also served as a Member / Chairman of the Public Enterprises Selection Board of the Government of India. He is also on the Boards of several other companies.

He holds nil equity shares of the Company as on March 31, 2008.

Details of his Directorships and Committee memberships are as follows:

Sl. no.	Name of the Company (Directorship)	Committee chairmanship /memberships
1.	GMR Infrastructure Limited	–
2.	GMR Hyderabad International Airport Limited	–
3.	Haryana Aban Power Company Limited	–
4.	Rashtriya Ispat Nigam Limited	Chairman- Audit Committee & Tech. Bench Marking Committee, Member – High Power Steering Committee.
5.	Global Vectra Helicorp Limited	Chairman – Audit Committee, Member – Investors' Grievance Committee.
6.	Murari Power Generation India Pvt. Ltd	–

v) Mr. O. B. Raju, 51, has been on the board since October, 2007. He has 24 years of diverse experience in finance and infrastructure businesses and held key positions. He is a Chartered Accountant and has been associated with GMR Group's business activities since 1991. He held various senior positions and he was the Managing Director for two road companies. Presently, he is the Managing Director of GMR Highways Private Limited, CEO- SI & CPD (Strategic Initiatives and Central Procurement) and part of the senior leadership team.

He holds 20,000 equity shares of the Company as at March 31, 2008.

Details of his directorships and committee memberships are as follows:

Sl. no.	Name of the Company (Directorship)	Committee chairmanship /memberships
1.	GMR Infrastructure Limited	–
2.	GMR Tuni-Anakapalli Expressways Pvt. Ltd	Member – Audit Committee
3.	GMR Tambaram-Tindivanam Expressways Pvt. Ltd	Member – Audit Committee
4.	Delhi Aerotropolis Private Limited,	–
5.	GMR Highways Pvt. Ltd.	–
6.	Delhi International Airport Private Limited, Alternate Director	–

E) Code of Conduct

As per requirement of Clause 49 of the Listing Agreement with the stock exchanges, the Board has laid down a code of conduct for all Board members, senior management personnel and designated employees of the Company. The code of conduct is posted on the website of GMR Group (www.gmrgroup.in). All Board members and senior management personnel affirm compliance with the code on an annual basis, and the declaration to that effect by Mr. G. M. Rao, Executive Chairman and Mr. G. B. S. Raju, Managing Director & Group CFO, is attached to this report.

F) Risk management

In a dynamic industry such as infrastructure, risk is an inherent aspect of business. The risk management function therefore is integral to the Company and its objectives include ensuring that the critical risks are identified continuously, monitored and managed effectively in order to protect the Company's businesses.

A comprehensive and integrated risk management framework forms the basis of all the de-risking efforts of the Company. The framework includes risk bulletins for various sectors of businesses. Prudential norms at limiting exposures are an integral part of this framework. Formal reporting and control mechanisms ensure timely information availability and facilitate proactive risk management. These mechanisms are designed to cascade down to the level of line managers so that the risks at the transactional level are identified and steps are taken towards mitigation in a de-centralised fashion.

At the enterprise level, de-risking of the Company's business risk is sought to be achieved by a policy of undertaking diversified projects in different segments, geographies and revenue models. The Board of Directors is responsible for monitoring risk levels on various parameters and ensures implementation of mitigation measures, wherever required.

The risk management framework is designed to address what the management believes can be largely quantified and mitigated. The framework classifies these risks as follows:

Business risks ■ Client concentration ■ Contracts ■ Regulatory ■ Technological obsolescence - **Financial risks** ■ Interest rates ■ Foreign exchange fluctuations ■ Liquidity management - **Legal and Statutory risks** ■ Contractual liabilities ■ Statutory compliance ■ Fixed asset ■ Employee insurance - **Organisational and Management risks** ■ Leadership development ■ Human resource management ■ Process maturity ■ Internal control systems - **Political risks.**

During the year, a process was set up to inform the Board/Audit Committee members about the risk assessment and minimisation procedures. These procedures are subjected to a periodical review to ensure that the management controls the risk through means of a properly defined framework.

A detailed note on risks and concerns affecting the businesses of the Company is provided in Management Discussion and Analysis.

G) Subsidiary companies

The Company monitors the performance of its subsidiary companies, inter alia, by the following means:

a) The financial statements, in particular the investments made by subsidiary companies, are reviewed by the Audit Committee of the Company periodically.

b) The minutes of the Board / Audit Committee meetings of the subsidiary companies are noted at the Board / Audit Committee Meetings respectively of the Company.

c) The details of significant transactions and arrangements entered into by the subsidiary companies are placed before the Board of the Company periodically.

3. Audit Committee

a) Constitution of Audit Committee:

i. The Audit Committee comprises the following Directors as members:

Sl. no.	Names	Designation
1.	Mr. K. R. Ramamoorthy	Chairman
2.	Mr. Arun K. Thiagarajan	Member
3.	Mr. Udaya Holla	Member
4.	Mr. Uday M. Chitale	Member

ii. Previous Annual General Meeting of the Company was held on August 30, 2007. Mr. K.R. Ramamoorthy, Chairman of the Audit Committee has attended the meeting.

The composition of the Audit Committee, consisting only Independent Directors', meets the requirement of Section 292A of the Companies Act, 1956, and Clause 49 of the Listing Agreement with the stock exchanges.

Mr. A. S. Cherukupalli, Company Secretary and Compliance Officer, acts as Secretary to the Audit Committee.

b) Meetings and attendance during the year:

During the financial year ended on March 31, 2008, four Audit Committee meetings were held on June 29, 2007, July 27, 2007, October 17, 2007 and January 23, 2008. The attendance of the Audit Committee members was as under:

Sl. no.	Names	No. of meetings Held	Attended
1	Mr. K. R. Ramamoorthy	4	4
2	Mr. Arun K. Thiagarajan	4	3
3	Mr. Udaya Holla	4	3
4	Mr. Uday M. Chitale	4	4

A special meeting of the Committee was held on April 11, 2008 exclusively to consider the issues relating to adequacy of internal control processes, performance of Auditors, Accounting Policies etc. The Committee also spent an exclusive session to review Enterprise Risk Management Process implemented in the Company and its subsidiaries.

c) The terms of reference of the Audit Committee are as under:

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

c) Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:

- Any changes in accounting policies and practices.
- Major accounting entries based on exercise of judgment by the management.
- Qualifications in draft audit report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with listing and other legal requirements concerning financial statements.
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

f) Discussion with internal auditors any significant findings and follow-up there on.

g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

h) Discussion with external auditors before the audit commences, nature and scope of audit as well as post-audit discussions to ascertain any area of concern.

i) Reviewing the Company's financial and risk management policies.

j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

k) Reviewing, with the management, the statement of uses/ application funds raised through an issue (public issue, right's issues, preferential issue, etc.), the statement of funds utilised for purposed other than those stated in the offer document /prospectus /notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendation to the Board to take up steps in this matter.

4. Remuneration Committee

a) Constitution of Remuneration Committee:

The Remuneration Committee comprises the following Directors as members:

Sl. no.	Names	Designation
1	Mr. K. R. Ramamoorthy	Chairman
2	Mr. G. M. Rao	Member
3	Mr. K. Balasubramanian	Member
4	Dr. Prakash G. Apte	Member
5	Mr. Udaya Holla	Member

Mr. A. S. Cherukupalli, Company Secretary and Compliance Officer, acts as Secretary to the Remuneration Committee.

b) Attendance during the year:

During the financial year ended on March 31, 2008, one Remuneration Committee meeting was held on January 23, 2008. Attendance of the

Remuneration Committee members was as under:

Sl. no.	Names	No. of meetings attended
1.	Mr. K. R. Ramamoorthy	1
2.	Mr. G. M. Rao	1
3.	Mr. K. Balasubramanian	–
4.	Dr. Prakash G. Apte	1
5.	Mr. Udaya Holla	1

c) The terms of reference of the Remuneration Committee are as under:

i. Meetings of the Committee shall be held whenever matters pertaining to the remuneration payable, including any revision in remuneration payable to Executive / Non-Executive Directors are to be made.

ii. Payment of remuneration shall be approved by a resolution passed by the Remuneration Committee.

iii. All information about the Directors /Managing Directors /Wholetime Directors i.e., background details, past remuneration, recognition or awards, job profile shall be considered and disclosed to shareholders.

iv. The committee shall take into consideration and ensure the compliance of provisions under Schedule XIII of the Companies Act, 1956, for appointing and fixing remuneration of Managing Directors /Wholetime Directors.

v. While approving the remuneration, the committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.

vi. The Committee shall be in position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and the shareholders.

vii. Following disclosures on the remuneration of Directors shall be made in the section on the Corporate Governance of the Annual Report:

- All elements of remuneration package of all the Directors i.e. salary, benefits, bonus, stock options, pension etc.
- Details of fixed component and performance-linked incentives, along with the performance criteria.
- Service contracts, notice period, severance fees.
- Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.

d) Remuneration policy

Remuneration of the Executive Chairman, Managing Director or Executive Director is determined periodically by the Remuneration Committee within the permissible limits under the applicable provisions of law and as approved by shareholders. Non-Executive Directors are paid sitting fees within the limits prescribed under law.

e) Details of remuneration paid during the financial year ended March 31, 2008 to the Directors are furnished hereunder.

Sl. no.	Name	Salary & commission (Rs.)	Perquisites (Rs.)	Sitting fees (Rs.)	Total (Rs.)	No. of shares held
1.	Mr. G. M. Rao	32769994	668	–	32770662	1665
2.	Mr. Srinivas Bommidala	–	–	–	–	100830
3.	Mr. G. B. S. Raju	19648523	13874	–	19662397	100830
4.	Mr. Kiran Kumar Grandhi	–	–	–	–	100830
5.	Mr. B. V. N. Rao	–	–	–	–	70000
6.	Mr. K. Balasubramanian	–	–	–	–	51000
7.	Mr. P. B. Vanchi +	–	–	20000	20000	NA
8.	Mr. Arun K. Thiagarajan	–	–	200000	200000	18000
9.	Mr. K. R. Ramamoorthy	–	–	300000	300000	Nil
10.	Dr. Prakash G Apte	–	–	150000	150000	15000
11.	Mr. R.S.S.L.N. Bhaskarudu	–	–	150000	150000	Nil
12.	Mr. Udaya Holla	–	–	180000	180000	Nil
13.	Mr. Uday M. Chitale	–	–	240000	240000	15000
14.	Mr. T. R. Prasad	–	–	180000	180000	Nil
15.	Mr. O. Bangaru Raju*	–	–	–	–	20000

+ Ceased to be a director with effect from July 30, 2007

* Appointed as an Additional Director with effect from October 18, 2007

The Company does not have any stock option plan or performance-linked incentive for the Director(s).

5. Shareholders' Transfer and Grievance Committee

a) Constitution of the committee:

The Shareholders' Transfer and Grievance Committee comprises the following Directors as members:

Sl. no.	Names	Designation
1.	Mr. Udaya Holla	Chairman
2.	Mr. K. R. Ramamoorthy	Member
3.	Mr. G. B. S. Raju	Member
4.	Mr. B. V. N. Rao	Member

The composition of the committee meets the requirement of Clause 49 of the Listing Agreement with the stock exchanges.

Mr. A. S. Cherukupalli, Company Secretary and Compliance Officer, acts as Secretary to the Shareholders' Transfers and Grievance Committee.

b) Attendance of members of Shareholders' Transfer & Grievance Committee during the year:

During the financial year ended on March 31, 2008, Shareholders' Transfer & Grievance Committee meetings were held five times on May 22, 2007, June 30, 2007, July 27, 2007, October 17, 2007 and January 23, 2008. The attendance of the Shareholders' Transfer & Grievance Committee members is as under:

Sl. no.	Names	No. of meetings Held	No. of meetings Attended
1	Mr. Udaya Holla	5	3
2	Mr. K. R. Ramamoorthy	5	5
3	Mr G. B. S. Raju	5	2
4	Mr. B. V. N. Rao	5	4

c) The terms of reference of the Shareholders' Transfer & Grievance Committee are as under:

i. Allotment of all types of securities to be issued by the Company.

ii. Transfer, transposition and transmission of securities.

iii. Issuance of duplicate shares or other securities.

iv. Dealing with complaints about non-receipt of declared dividend, non-receipt of Annual Reports, etc.

v. Investigate into other investor's complaints and take necessary steps for redressal thereof.

vi. To perform all functions relating to the interests of shareholders / investors of the Company as may be required by the provisions of the Companies Act, 1956, Listing Agreements with stock exchanges and guidelines issued by SEBI or any other regulatory authority.

vii. Authorise Company Secretary or other persons to take necessary action on the above matters.

viii. Appointment and fixation of remuneration of the Registrar and Share transfer Agent and Depositories and to review their performance.

The details of the complaints received during the financial year 2007-08 and the status of the same are as below:

Sl. no.	Particulars	No. of complaints received	No. of complaints resolved	Pending complaints
1	Non-receipt of Annual Reports	5	5	Nil
2	Non-receipt of refund orders	12	12	Nil
3	Non-receipt of electronic credit	50	50	Nil
4	Non-receipt of allotment/call notice	0	0	Nil
5	Non-receipt of stickers	0	0	Nil
6	Non-receipt of share certificates	29	29	Nil
7	Complaints received through SEBI (Non receipt of sub divided shares)	2	2	Nil
8	Complaints through stock exchange (Non receipt of Annual Report)	1	1	Nil
9	Non-receipt of dividend warrants	10	10	Nil
	Total	109	109	–

6. Management Committee

a) Constitution of Management Committee:

The Management Committee comprises the following Directors as members:

Sl. no.	Names	Designation
1.	Mr. G. M. Rao	Chairman
2.	Mr. G. B. S. Raju	Member
3.	Mr. Srinivas Bommidala	Member
4.	Mr. Kiran Kumar Grandhi	Member
5.	Mr. B.V. N. Rao	Member
6.	Mr. K. Balasubramanian	Member
7.	Mr. P.B. Vanchi+	Member

+Ceased to be a Director and member of the Committee with effect from July 30, 2007

Mr. A. S. Cherukupalli, Company Secretary and Compliance Officer, acts as Secretary to the Management Committee.

b) Attendance of members of Management Committee during the year:

During the financial year ended on March 31 2008, five Management Committee meetings were held on May 9, 2007, November 26, 2007, December 12, 2007, February 2, 2008 and March 22, 2008 and the attendance of members are as follows:

Sl. no.	Names	No. of meetings Held	No. of meetings Attended
1.	Mr. G. M. Rao	5	5
2.	Mr. Srinivas Bommidala	5	4
3.	Mr. G. B. S. Raju	5	1
4.	Mr. Kiran Kumar Grandhi	5	1
5.	Mr. B. V. N. Rao	5	4
6.	Mr. K. Balasubramanian	5	3
7.	Mr. P.B. Vanchi +	1	0

+Ceased to be a Director and member of the Committee with effect from July 30, 2007

c) The terms of reference of the Management Committee are as under:

Decision-making relating to operational matters like investments in new projects, financial matters, capital expenditure, purchases and contracts - non-capital (including services), sales and marketing, long-term contracts, stores, HR-related matters, establishment and administration, writing-off of assets, etc.

Decision-making relating to IPO matters like quantum of issue, issue price, appointment of lead managers and other intermediaries, registrars to the issue, bankers to the issue, listing of shares, execution of all the documents pertaining to IPO, etc.

7. Debentures Allotment Committee

a) Constitution of Debenture Allotment Committee:

The Debentures Allotment Committee comprises the following Directors as members:

Sl. no.	Names	Designation
1.	Mr. Srinivas Bommidala	Member
2.	Mr. G. B. S. Raju	Member
3.	Mr. B. V. N. Rao	Member
4.	Mr. K. Balasubramanian	Member

b) Attendance of members of Debentures Allotment Committee during the year:

No meeting of Debentures Allotment Committee was held during the financial year 2007-08.

c) The terms of reference of the Debenture Allotment Committee are as under:

Issuance and allotment of debentures on such terms and conditions as may be prescribed from time to time in this regard.

8. Treasury Committee

a) Constitution of Treasury Committee:

The Board has constituted the Treasury Committee vide resolution dated January 9, 2008 comprising the following members:

Sl. no.	Names	Designation
1.	Mr. K. R. Ramamoorthy	Chairman
2.	Mr. G. B. S. Raju	Member
3.	Mr. K. Balasubramanian	Member
4.	Dr. Prakash G. Apte*	Member
5.	Mr. A. Subba Rao	Member
6.	Mr. R. Ram Mohan	Member

* appointed as a member w.e.f January 24, 2008

b) Attendance of members of Treasury Committee during the year:

During the financial year ended on March 31 2008, two Treasury Committee meetings were held on January 11, 2008 and February 8, 2008 and the attendance of members is as under:

Sl. no.	Names	No. of meetings Held	Attended
1.	Mr. K. R. Ramamoorthy	2	2
2.	Mr. G. B. S. Raju	2	1
3.	Mr. K. Balasubramanian	2	1
4.	Dr. Prakash G. Apte	1	0
5.	Mr. A. Subba Rao	2	2
6.	Mr. R. Ram Mohan	2	1

c) The terms of reference of the Treasury Committee are as follows:

Formulate the policy for short-term deployment of funds; decide the type of instruments, manner and structure of investments or placement of funds.

9. General Body Meetings

a) Annual General Meetings

The venue, date and time of the Annual General Meetings held during the preceding three years and the Special Resolutions passed thereat are as under:

Year	Venue	Date & time	Special resolutions passed
2006-07	NIMHANS Convention Centre, Hosur Road, Bangalore - 560 029	August 30, 2007 10.30 a.m	1. U/S 163 of the Companies Act, 1956, approval for keeping of register of members etc at the office of Karvy Computershare Private Limited, the Company's Registrar and Share Transfer Agent of the Company, within the city of Bangalore. 2. U/S 31 of the Companies Act, 1956, alteration of Article 82 of Articles of Association pertaining to the Powers of the Board with regard to borrowing. 3. U/S 81(1A) of the Companies Act, 1956, approval for issue of equity shares / convertible securities to any person. 4. U/S 61 of the Companies Act, 1956, approval for variation in utilisation of IPO proceeds
2005-06	Chancery Hall, Taj West End Hotel, M G Road, Bangalore - 560001	August 7, 2006 3.30 p.m.	Not passed any special resolution
2004-05	25/1, Skip House, Museum Road, Bangalore - 560025	August 31, 2005 9.30 a.m.	U/S. 17 of the Companies Act, 1956, alteration of Object Clauses of Memorandum of Association.

b) Extra Ordinary General Meetings

Venue, date and time of the Extra ordinary General Meetings held during the preceding 3 years and the Special Resolutions passed thereat are as under:

Year	Venue	Date & time	Special resolutions passed
2007-08	Dr. Ambedkar Bhavan, Millers Road, Vasanth Nagar, Bangalore - 560 052	November 26, 2007 11.00 A.M	U/S 81 (1A) of the Companies Act, 1965, Issue of securities through Qualified-Institutional Placements (QIPs)
2006-07	25/1, Skip House, Museum Road, Bangalore - 560 025	May 20, 2006 11.00 A.M	Not passed any special resolution.
	The Parliament Room, Hotel Taj Mahal, Mansingh Road, New Delhi - 110 001	April 25, 2006 12.00 Noon	1. Approval for preferential issue of equity shares to the ICICI Trusteeship Services Limited (ICICI Emerging Sectors Fund). 2. U/S 31 of the Companies Act, 1956, replacing new set of Articles of Association of the Company.
	25/1, Skip House, Museum Road, Bangalore - 560 025	April 19, 2006 11.00 A.M	Approval for preferential issue of equity shares to the India Development Fund (IDF).
2005-06	25/1, Skip House, Museum Road, Bangalore - 560 025	February 28, 2006 11.00 A.M	1. U/S 16, 94 of the Companies Act, 1956, Increase of authorised share capital of the Company and consequently alteration of Memorandum of Association.
			2. U/S 81(1A) of the Companies Act, 1956, approval for issue of equity shares or convertible securities or any other securities.
	25/1, Skip House, Museum Road, Bangalore - 560 025	September 29, 2005 11.00 A.M	1. U/S 16, 94 of the Companies Act, 1956, reclassifying preference shares to equity shares. Increase of authorised share capital of the Company and consequently alteration of Memorandum of Association.
			2. U/S 31, of the Companies Act, 1956, alteration of Article 95 of the Articles of Association pertaining to number of directors.
			3. Issue of Bonus shares.

c) Special Resolutions passed through postal ballot:

A Special Resolution was passed on August 30, 2007, by the Company's members through postal ballot, under Section 17 of the Companies Act, 1956, to amendment of Clause No. I(c) and Clause 4(a) of Clause III (A) of the Object Clause of the Memorandum of Association of the Company, enabling the Company to increase its prospects in other infrastructure projects by entering into the upcoming infrastructure projects like development, maintenance and operation of Special Economic Zones or other export promotion parks, software technology parks, electronic hardware parks, bio-technology parks and any other industrial parks and subscription or investment in equity or other types of debt instruments or other forms of financing relating to such projects.

d) The Person who conducted the Postal Ballot exercise:

The Board had appointed Mr V Sreedharan of M/s V Sreedharan & Associates, Company Secretaries, Bangalore, as scrutinizer to conduct the postal ballot voting process, in fair and transparent manner.

e) Procedure for postal ballot:

1. Postal ballot forms were dispatched to all shareholders separately with draft resolution and explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, for obtaining the approval of the members.

2. Members were requested to carefully read the instructions in the postal ballot form, record their assent or dissent therein and return the said form duly completed, in original, in the self-addressed pre-paid envelope, so as to reach the addressee not later than the close of business hours on August 25, 2007.

After scrutinising all the ballot forms received, the scrutiniser submitted a report to the Chairman. The results of the voting conducted through postal ballot were as under:

Number of valid postal ballot forms received	3,411
Number of invalid postal ballot forms received	149
Votes in favor of the resolution (No. of equity shares)	27,11,31,773
Votes against the resolution (No. of equity shares)	719
Percentage of the votes cast 'for' the Resolution out of the total valid votes	99.99%

The Special Resolution as per the Notice dated June 30, 2007 for alteration of the Objects Clause was accordingly passed with the requisite majority. The same was announced by Chairman to the members in the Annual General Meeting held on August 30, 2007.

10. Disclosures

a. Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large.

The transactions with related parties are mentioned at page no. 130 may be verified in the Annual Report. None of the transactions with related parties were in conflict with interest of the Company.

b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years; hence no penalties or strictures have been imposed by the stock exchange or SEBI or any statutory authority.

11. Means of communications

The Company has been sending Annual Reports, notices and other communications to each household of shareholders through post or courier modes.

The quarterly / annual results of the Company as per the statutory requirement under Clause 41 of the Listing Agreement with stock exchanges are generally published in the 'Asian Age' and 'Samyukta Karnataka' (a regional daily in Kannada language). The Company also publishes its consolidated financial statements in Economic Times, Business Line, Business Standard and Financial Express. Quarterly and Annual Financial Statements, along with segment report, are posted on the GMR Group website (www.gmrgroup.in), BSE website (www.bseindia.com) and NSE website (www.nseindia.com). The presentations made to analysts and others are also posted on the GMR Group website. The quarterly shareholding pattern of the Company is posted on www.corpfilings.co.in and the GMR Group website (www.gmrgroup.in).

12. Management discussion and analysis report (MDA)

MDA forms part of the Directors' Report and is given at page no may be verified of this Annual Report.

13. General shareholder information

a) Date, time and venue of the 12th AGM:

Tuesday, August 19, 2008 at 2.30 p.m. at Jnana Jyothi Auditorium, Central College Campus, Palace Road, Bangalore - 560 001.

b) Financial calendar:

The financial year is April 1 to March 31 and financial results are proposed to be declared as per the following tentative schedule.

Particulars	Tentative schedule
Financial reporting for the quarter ending June 30, 2008	Second fortnight of July 2008
Financial reporting for the quarter/half year ending September 30, 2008	Second fortnight of October 2008
Financial reporting for the quarter/nine months ending December 31, 2008	Second fortnight of January 2009
Financial reporting for the quarter/year ending March 31, 2009	Second fortnight of May 2009
Annual General Meeting for the year ending March 31, 2009	August/September 2009

c) Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, August 12, 2008 to Tuesday, August 19, 2008 (both days inclusive) for the purpose of the 12th Annual General Meeting.

d) Dividend payment date:

In order to conserve the funds for the improvement and expansion plans of the Company, the Board has not recommended any dividend for the financial year 2007-08.

e) Listing on stock exchanges:

(i) Equity shares:

The Company's shares are listed on the following stock exchanges with effect from August 21, 2006.

Name of the stock exchange	Address	Stock code
National Stock Exchange of India Limited	Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.	GMRINFRA
Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532754

Annual listing fees for the year 2008-09 have been paid by the Company to both the Stock Exchanges.

(ii) Privately placed debt instruments:

The Company's privately placed debt instruments are listed on the Bombay Stock Exchange Limited. The stock code is 934728, 934729, 934730 and 934751.

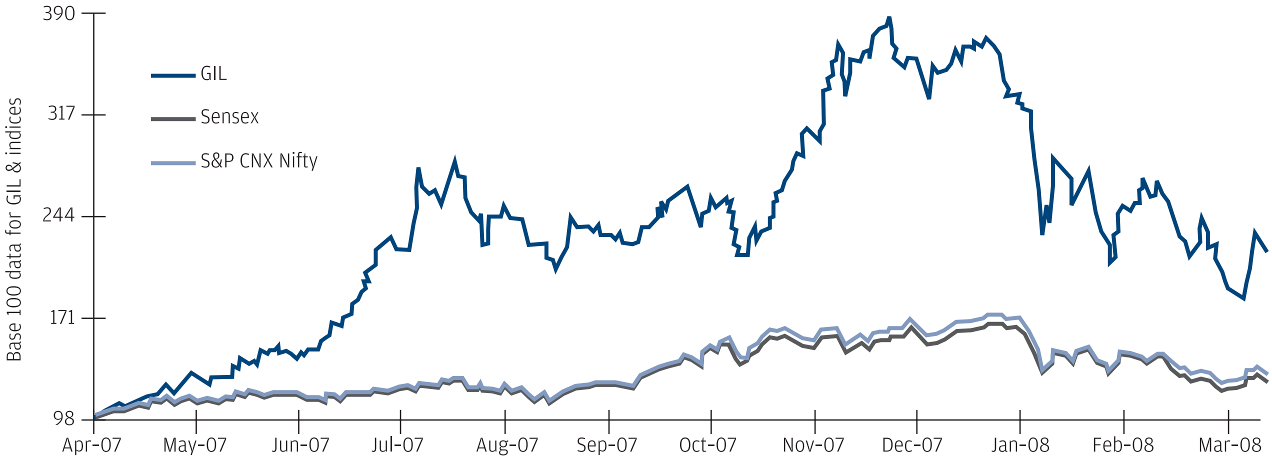
Annual listing fees for the year 2008-09 have been paid by the Company.

f) Stock market data relating to shares listed: (Amount in Rs.)

	NSE		BSE	
Month	High	Low	High	Low
April 2007	426.40	327.00	428.00	327.15
May 2007	515.80	417.00	516.30	416.00
June 2007	754.00	483.50	753.80	484.15
July 2007	1009.00	721.00	1005.00	729.80
August 2007	937.30	669.00	877.25	670.00
September 2007	891.00	169.20	891.80	169.25
October 2007*	189.40	138.00	189.70	139.15
November 2007	259.90	170.40	259.80	170.25
December 2007	269.80	220.00	268.70	220.50
January 2008	260.40	111.10	260.90	115.00
February 2008	190.90	141.00	190.40	141.00
March 2008	173.40	125.10	179.00	125.00

*Subdivision of equity shares of Rs. 10 each into 5 equity shares of Rs. 2 each took place during FY2007-08. The record date for the subdivision was October 8, 2007.

Performance of the share price of the Company in comparison to BSE Sensex and S & P CNX Nifty



g) Registrar & Transfer Agents (RTA):

Main Office:

Karvy Computershare Private Limited
Unit: GMR Infrastructure Limited
Plot no. 17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad - 500 081
Telephone No. 040 - 23420819 to 24
Fax No. 040 - 23420814
Email ID: einward.ris@karvy.com

Branch Office:

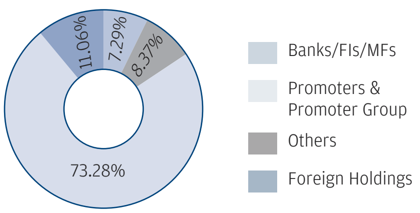
Karvy Computershare Private Limited
No. 51/2, TKN Complex, Vani Vilas Road,
Opp. National College, Basavanagudi,
Bangalore 560 004
Telephone: 080-41204350
Fax No.: 080-26621169
Email id: bangalore@karvy.com

h) Share transfer procedure:

The share transfers which are received in physical form are processed and the share certificates are returned within a period of 7 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board of Directors of the Company has delegated powers of approving transfers and transmission of securities to the Shareholder's Transfer & Grievance Committee. The committee has authorised each member of the committee to approve the transfer of shares up to 20000 shares per transfer deed, and Company Secretary and other specified executives of the Company to approve the transfer of shares up to 10000 shares per transfer deed. A summary of the transfer transmissions/de-materialisation request/re-materialisation requests approved by the Committee/Executives is placed before the Committee/Board at every meeting. The Company obtains half-yearly certificates from a Company Secretary in Practice on compliance regarding share transfer formalities and submits a copy thereof to the Stock Exchanges in terms of Clause 47 (c) of the Listing Agreement.

i) Distribution of shareholding as on March 31, 2008

Distribution by category



Sl. no.	Category	No. of shareholders	Total no. of shares held	% of total shareholding
1.	Promoters - bodies corporate	1	1333613610	73.25
2.	Promoters individuals/ Hindu undivided family	10	622985	0.03
3.	Foreign institutional investors	163	187560258	10.30
4.	Resident individuals	419491	100474186	5.52
5.	Bodies corporate	3284	47995529	2.64
6.	Foreign venture capital	1	9866825	0.55
7.	Indian financial institutions / banks	50	118579844	6.51
8.	Mutual funds	42	14209790	0.78
9.	Non-resident Indians	3857	3848858	0.21
10.	Overseas bodies corporate	2	17925	0.00
11.	Clearing members	559	3664705	0.20
12.	Trusts	17	203573	0.01
	Total	**427477**	**1820658088**	**100.00**

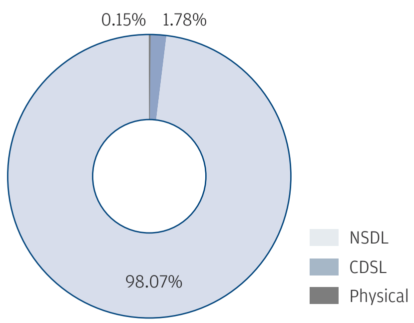
Distribution by size

Sl. no.	Range of equity shares held	March 31, 2008				March 31, 2007			
		No. of shareholders	%	No. of shares	%	No. of shareholders	%	No. of shares	%
1.	1 - 500	394487	92.28	45962224	2.53	44656	95.63	4545426	1.37
2.	501 - 1000	18642	4.36	14993076	0.82	933	2.00	757919	0.23
3.	1001 - 2000	8152	1.91	12722569	0.70	452	0.97	706354	0.21
4.	2001 - 3000	2257	0.53	5753290	0.32	189	0.40	496585	0.15
5.	3001 - 4000	864	0.20	3116402	0.17	85	0.18	313539	0.09
6.	4001 -5000	816	0.19	3896859	0.21	89	0.19	424739	0.13
7.	5001 - 10000	1016	0.24	7602649	0.42	115	0.25	886741	0.27
8.	10001 and above	1243	0.29	1726611019	94.83	176	0.38	322952697	97.54
	Total	**427477**	**100.00**	**1820658088**	**100.00**	**46695**	**100**	**331084000**	**100.00**

j) Dematerialisation of shares and liquidity:

The Company's shares are available for dematerialisation in both the depositories, i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 99.85 per cent of shares have been dematerialised as on March 31, 2008.

ISIN: INE776C01021 (Fully Paid Shares)
INS9776C01029 (Partly Paid Shares)



Category	No. of shares	% of shareholding
CDSL	32321783	1.78
NSDL	1785509575	98.07
Physical	2826730	0.15
Total	**1820658088**	**100.00**

k) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

Not Applicable

l) Investor correspondence:

Registered office address

Skip House, 25/1, Museum Road,
Bangalore-560 025
Telephone No. +91 80 40534000
Tele fax No. +91 80 22213091
Website: www.gmrgroup.in

Company Secretary and Compliance Officer

Mr. Adiseshavataram Cherukupalli

Skip House, 25/1, Museum Road,
Bangalore-560 025
Telephone No. +91 80 40534281
Tele Fax No. +91 80 22213091
E-mail:
adiseshavataram.cherukupalli@gmrgroup.in

Associate Company Secretary

Mr. Narendra Singh

Skip House, 25/1, Museum Road,
Bangalore-560 025
Telephone No. +91 80 40534126
Tele Fax No. +91 80 22213091
E-mail: narendra.singh@gmrgroup.in

m) Prevention of insider trading:

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has instituted a comprehensive code of conduct for prohibition of insider trading in the Company's shares.

n) Secretarial audit for reconciliation of capital:

As stipulated by SEBI, a qualified practicing company secretary carries out the secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid- up capital. This audit is carried out every quarter and the report there on is submitted to the stock exchanges, NSDL and CDSL and is placed before the Shareholders Transfer and Grievance Committee of Board of Directors of the Company. The audit, inter alia, confirms that the total listed and paid-up capital of the Company is in agreement with the aggregate of the total no. of shares in dematerilaised form held with NSDL and CDSL and total no. of shares in physical form.

o) Corporate Identity Number (CIN)

Corporate Identity Number (CIN) of the Company, allotted by the Ministry of Corporate Affairs, Government of India is L45203KA1996PLC034805.

p) Whistle blower policy

To maintain high level of legal, ethical and moral standards and to provide a gateway for employees to voice concern in a responsible and effective manner about serious malpractice, impropriety, abuse or wrongdoing within the organisation, the Company has formulated a whistle blower policy applicable to the Company and its subsidiaries. In terms of this policy, employees of the Company and its subsidiaries are allowed to raise concerns on issues of malpractice, impropriety, abuse or wrongdoing without fear or reprisal and to ensure that no employee feels that he/she is at a disadvantage to raise legitimate concerns. Any unlawful activity, breach of policy/code of conduct, fraud and corruption, financial malpractice, unethical or improper conduct, abuse of power, abuse of children and vulnerable adults, etc. constitute the malpractice, impropriety, abuse and wrongdoing. The employees can raise his/her concerns to the designated ombudsperson and further action will be taken as per the procedures laid down. This mechanism has been communicated to all concerned and posted on the Group's intranet. During the year under review the company / ombudsperson did not receive any complaint and concern.

q) Compliance certificate of the auditors

Certificate from the Auditors of the Company, M/s. Price Waterhouse, Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed hereinafter.

r) Adoption of non-mandatory requirements of Clause 49

1. The Company has constituted a Remuneration Committee, Treasury Committee, Debenture Allotment Committee and Management Committee of the Board, a note on which are given elsewhere in this report.

2. The Company is in the regime of unqualified audit report financial statements.

3. Whistle blower policy is in place.

CEO / CFO certification

To the Board of Directors,
GMR Infrastructure Limited

We hereby certify that:

a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2008 and to the best of our knowledge and belief:
   i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee:
   i) Significant changes in internal control over financial reporting during the year;
   ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

e) The disclosures have been received from the senior management personnel relating to the financial and commercial transactions in which they or their relatives may have personal interest. However, none of these transactions have conflict with the interest of the Company at large.

	For GMR Infrastructure Limited	For GMR Infrastructure Limited
	Sd/-	Sd/-
Place: Bangalore	**G. M. Rao**	**G. B. S. Raju**
Date : May 20, 2008	Executive Chairman	Managing Director & Group CFO

To
The Members of GMR Infrastructure Limited

Sub: Declaration by the CEO under Clause 49 (I) (D) (II) of the Listing Agreement

We, G. M. Rao, Executive Chairman and G. B. S. Raju, Managing Director and Group CFO of GMR Infrastructure Limited, to the best of our knowledge and belief, declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2008.

	Sd/-	Sd/-
Place: Bangalore	**G. M. Rao**	**G. B. S. Raju**
Date : May 20, 2008	Executive Chairman	Managing Director & Group CFO

Auditors' certificate regarding compliance of conditions of Corporate Governance

To the Members of GMR Infrastructure Limited

We have examined the compliance of conditions of Corporate Governance by GMR Infrastructure Limited ('the Company'), for the year ended March 31, 2008, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of the Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
P. Rama Krishna
Partner
Membership Number 22795
For and on behalf of
Price Waterhouse
Chartered Accountants

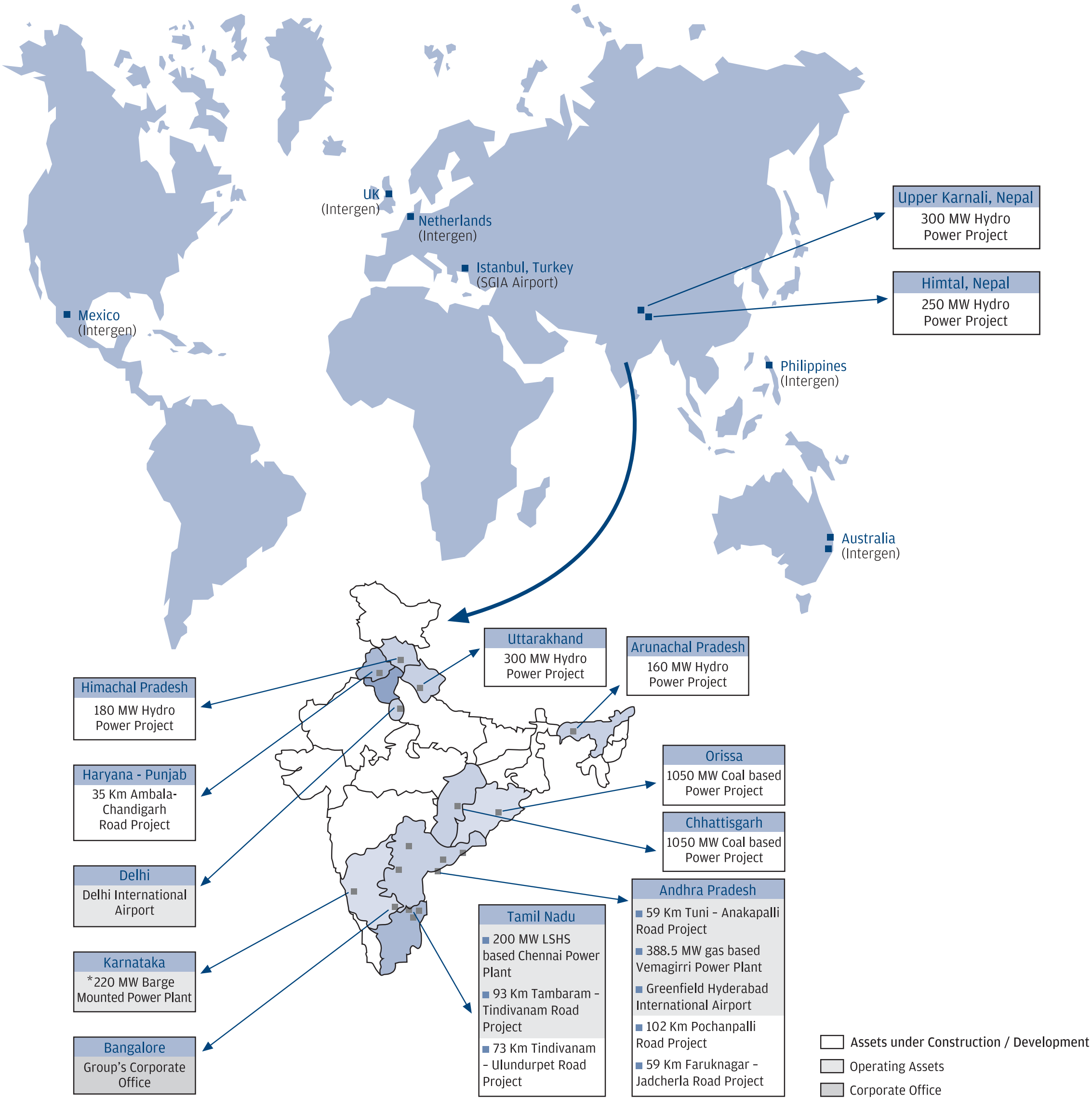
Place: Bangalore
Date : July 10, 2008

Management discussion and analysis

About us

The Company together with its subsidiaries ('GMR Group', 'the Group' or 'the Company') is one of the leading infrastructure conglomerates in India having proven track record in the development and operation of power plants, road projects, and world-class airports at Delhi, Hyderabad and Istanbul.

GMR Infrastructure Limited (GIL) is a holding company, which conducts all its business operations through its subsidiaries in various sectors i.e. airports, energy, highways and urban infrastructure and others. GIL, as a stand-alone entity, does not have any independent revenues except dividends from subsidiaries and interest income from surplus funds. Hence, the Company's revenues, expenditure and the results of operations are presented through consolidated financials. The Company's subsidiaries / associates have projects in various parts of the world and the following picture depicts the location of the corporate office of the Company and the Global presence of the Company's businesses.



* Being shifted to Krishna Godavari basin, Andhra Pradesh

Geographical presence of our businesses

The Company, over the last decade, has setup projects across the geographic stretch of India. During the course of last year, it has extended its footprints to foreign soils and established its presence in various parts of the world, it has strategic plans to further expand its operations to markets across the globe.

Early entry into infrastructure business

The Company forayed into the infrastructure business with the setting up and commissioning of the Chennai power plant in 1999. Ever since, the Company has been an early entrant in all the infrastructure sectors it is operating currently. The following diagram presents the time of our entry in various business sectors/projects and some of our key strengths.

	Energy	Airports	Highways	Urban infrastructure
2008	■ Acquisition of interest in Intergen			
2007	■ Awarded 300 MW Upper Karnali ■ Awarded 250 MW Upper Marsyangdi ■ Awarded 180 MW Bajoli Holi ■ MoU for 1050 MW in Chhattisgarh ■ Awarded 160 MW Talong ■ MoU for 1050 MW plant in Orissa	■ First International Foray – Awarded Sabiha Gokcen Airport Turkey		■ Krishnagiri SEZ Project, Tamil Nadu ■ 2 Hyderabad Airport SEZs
2006	■ Awarded 300 MW Alkananda ■ CoD 388.5 MW in Vemagiri	■ Awarded Delhi Airport	■ 1 Annuity and 3 Toll Road Projects	
2005			■ CoD 2 Annuity Road Projects	
2002		■ Awarded Hyderabad Airport		
2001	■ CoD 220 MW in Mangalore	■ Ventured into Airport Sector		
1999	■ CoD 200 MW in Chennai			
1997	■ Ventured into the Power Sector			

Industry structure and developments

The year 1991 was an important year in India's economic history. Following the economic debacle of 1990-91, the Government of India (GoI) initiated a series of comprehensive macro-economic and structural reforms to promote economic growth and structural growth. The key initiatives of the Government were focused on implementing fundamental economic reforms, deregulation of industries, attracting foreign investment and pushing forward a disinvestment programme in public sector units. Consequent to the reforms programme, India's economy registered robust growth with an average real GDP of around 6 per cent over the last decade. Following the initial phase of subdued growth, the economy has almost taken off and India has emerged as one of the fastest growing economies.

The airports sector

Riding over the buoyant economic scenario, the Indian civil aviation sector registered robust growth in passenger and freight traffic in the financial year 2007-08. During April'07-March'08, the total passenger traffic was 116.87 million, compared to 96.4 million passengers during the previous financial year. Additionally, the total freight traffic in the financial year 2007-08 was 1.7 million tonnes against 1.55 million tonnes during the previous financial year. The growth in passenger traffic was 21.2 per cent and in freight traffic, the growth was 9.6 per cent. During the

The international airports in Delhi and Mumbai are being modernised and upgraded through private sector participation. Of these, GMR-Fraport consortium has bagged the concession for development, operation and maintenance of Delhi airport. Greenfield airports at Bangalore and Hyderabad have become operational. The GMR Group has developed the Hyderabad International airport .

period, aircraft movement in India increased by 21.3 per cent. The Indian aviation market crossed the 100 million passenger traffic milestone for the first time. During the process, it has become ninth largest aviation market in the world. Last year its rank was 11th.

But for an economy of its size, the absolute numbers show that the use of air travel is far from achieving its full potential. Mumbai and Delhi airports still do not figure in the top 30 airports in the world, while many other airports from the Asia Pacific region figure in the list.

The growth in passenger traffic is led by tier-2 cities both in the domestic as well as in the international traffic. As indicated above, India is down at 9th position in the aviation market in the world. This is despite the fact that it has the second largest population in the world and has recorded a healthy growth in passenger traffic over the last few years. This shows the huge untapped potential it has, which can lead tremendous growth in the aviation sector. Other key drivers for growth of the sector are:

- Robust growth of the economy
- Expansion in network of low-cost airlines
- India emerging as a global hub for manufacturing as well as services
- India emerging as a popular international tourist destination
- Large number of people of Indian origin residing abroad

There are a few areas of concerns, especially increase in fuel prices and high inflation, which may force the government to take steps, resulting in the slowdown in economic growth. However, the scenario is encouraging over the long term.

Modernisation of brownfield airports and development of greenfield airports

Airports are the largest gateway of foreign passengers and are the first point of contact to any country. Hence, the quality of airport infrastructure and services are vital components for a country's image and also for the overall transportation network, contributing directly to a country's economy in terms of flow of foreign investment.

Airports are considered one of the most important economic drivers of the local economy. Apart from direct contributions, their indirect contributions are immense. A recent study at Melbourne Airport indicates that the local economy tends to gain due to increased activities in general trades, trades related to the requirements of the aviation industry and passengers, increase in tourism and related activities, etc. Netherlands has aptly designated Amsterdam Schiphol airport as the 'Mainport'.

However, India's current airport infrastructure is not fully geared up to meet the growing traffic. To meet India's huge demand for capacity addition in the aviation sector, it was estimated that investments of US$9 billion for the development of airports till 2013-14 would be required. The quantum of investment means that substantial portion of the total requirement has to come from the private sector. It is estimated that approximately US$6.9 billion would come from Public Private Partnerships (PPPs).

The government has assigned high priority to improving the services and facilities at Indian airports and to bring them at par with international standards. Accordingly, it has decided to restructure and develop airports by encouraging private sector participation in the development of both greenfield and brownfield airports in the country. The Government took initiatives to bring in private players to work under Public Private Partnership (PPP) for airport modernisation and expansion.

Several initiatives have been taken by the government in the recent past to develop and improve the quality of airport infrastructure. The international airports in Delhi and Mumbai are being modernised and upgraded through private sector participation. Of these, GMR-Fraport consortium has bagged the concession for development, operation and maintenance of Delhi airport.

Greenfield airports at Bangalore and Hyderabad have become operational. The GMR Group has developed the Hyderabad International airport. Delhi and Hyderabad, together, account for 26.5 per cent of passenger traffic movement in India. Airports with private participation, i.e. Delhi, Mumbai, Bangalore, Hyderabad and Cochin, are responsible for more than 60 per cent of passenger traffic and more than 72 per cent of cargo traffic in India.

Government's future plans comprise modernisation of Chennai and Kolkata airports, the two remaining metros. Additionally, in-principle approval has been obtained to build new international terminals at Ahmedabad and Trivandrum airports. State Governments are also encouraged to set up greenfield airports with private sector participation. The international greenfield airport at Cochin has been approved. The project will be implemented by a Joint venture between KINFRA, an entity of Government of Kerala and a Public Private Partnership (PPP). 'In-principle approval has also been granted to set up greenfield airports at Navi Mumbai, Pune, Goa, Nagpur and four North-eastern states. Further, the Airport Authority of India (AAI) has plans for the development of about 35 non-metro airports engaging private parties in the process, where city-end development will be done by identified private players. The techno-economic feasibility has been received for 10 of these airports. Of these, the AAI has already released RFQ for development of Amritsar and Udaipur airports. GMR has pre-qualified for the development of Udaipur airport. The projects are expected to be awarded in the next few months.

PPP projects are being considered by various international governments as well. Governments from many countries in Eastern Europe have indicated interest in the PPP model for development of respective airports.

The energy sector

Energy sector reforms have evolved over time and created an environment for private players to capture significant value from the huge demand for power in India.

Evolution of regulatory reforms

Historically, the responsibility for generation, transmission and distribution of power in India rested only on the central and state governments. Power generation capacity grew at about 4.4 per cent per annum over the last ten years, and failed to keep up with the demand growth, leading to a situation of persistent power outages.

To give a boost to power generation, the Indian government introduced the first wave of reforms in the power sector in 1991. Several steps were taken to attract private sector investments, like assuring attractive returns on investments, allowing 100 per cent Foreign Direct Investments and tax exemptions. As a result, over 200 MoUs were signed by private sector players to set up about 60 gigawatts (GW) of generation capacity. However, the initial round of reforms could not provide the expected benefits due to certain systemic issues. For instance, power generation companies could sell power to only the State Electricity Boards (SEBs) – many of which were in poor financial health, owing significant sums of money to central-government owned Public Sector Units such as the NTPC Ltd., Coal India Ltd. and the Indian Railways. There was no reliable mechanism to ensure payment security from SEBs. In addition, adequate fuel linkages were scarce and there was lack of a reliable contract mechanism to assure fuel supply.

The turning point in power sector reforms came with the introduction of the Electricity Act 2003, which addressed several key issues. The Act strived to strike the right balance between taking care of public interest, while ensuring that companies working in the area make sufficient profits to continue to attract investment in the sector. Some of the key benefits from the same are as follows:

- Regulatory commissions were set up to ensure that tariff-related issues were addressed on time. The National Tariff Policy, introduced in 2005, provided guidelines to help electricity regulatory commissions set tariffs. The Regulatory Commissions determined tariffs for a five-year period (the Multi-Year Tariff Framework), with incentives to improve efficiencies and reduce downtime. This provided revenue visibility for power projects. It also had mechanisms to adjust tariffs to pass on fuel cost variations. The tariff structure reduced risks for both the consumer and the power producer by restricting variation in tariffs to declared benchmarks.

- In addition, the Central Government wiped out all accumulated losses and cleared all dues by securitising the amount payable by the SEBs, pursuant to a one-time settlement scheme. Subsequently, Letters of Credit (LC) and escrow mechanisms were put in place to mitigate default risk. States were made accountable for the dues of their SEBs and in case of State's failure to pay for SEB defaults, creditors had recourse to the Central Government's budgetary allocation to the states. SEBs have not defaulted on their payments to CPSUs since the one-time settlement scheme.

- With the objective to reduce AT&C losses from levels of 30 per cent to about 10 per cent,, the government, under its Accelerated Power Development and Reform Programme (APDRP), began providing partial grants to SEBs for specific projects aimed at revamping the transmission and distribution infrastructure. The government also started providing an incentive of Re. 1 for every Rs. 2 reduction in commercial losses by SEBs. In FY'07, SEBs in eight states received incentives worth Rs. 15.8 billion.

Continuing with its efforts from the previous years, GoI released the National Tariff Policy 2006. The policy aimed to address the key issue of 'open accesses' on transmission & distribution networks. The policy provided the basis for transmission tariffs and provisions for estimating the cross-subsidy surcharge chargeable on all open access transactions.

With a much better regulatory framework in place, the power sector has attracted significant private investments over the last few years and the trend promises to strengthen, going forward.

Current situation and outlook

Currently, India has the third largest power generation capacity in the world with an installed base of about 140 GW. This is grossly inadequate to meet India's peak energy shortage of 9.3 per cent (53.2b kWh) and peak demand shortage of 13.9 per cent (14 GW). To meet its electricity demand, India plans to add about 78.6 GW of capacity by FY'12 and another 92 GW by FY'17. This would also entail huge investments in associated transmission and distribution infrastructure. The Indian Planning Commission estimates that the power sector would need investments to the tune of US$180 billion during the period from FY'07 to FY'12. The Eleventh Plan's capacity addition schemes are also progressing well. The table showing 11th Plan estimates are given in the next page.

It is expected that 13,500 MW would be added through non-conventional energy sources, 12,000 MW through captive power plants and 10,000 MW through merchant power plants to the above figures.

For coal-based capacity, the first big step was the

After seeing the initial success of PPP model, Government has taken many new initiatives to encourage private investment in highways. A new model concession agreement directs NHAI to hand over 60 per cent to 80 per cent of the required land area and obtain all environmental clearances as conditions precedent for it before the financial closure of any project.

development of Ultra Mega Power Projects (UMPPs). UMPPs are about 4000-MW coal-based projects, which would use super critical technology, which is relatively efficient than conventional technology and consequently less pollutant. GoI, through the Power Finance Corporation (PFC), undertook competitive bidding for 4000-MW coal-based power projects in Sasan (Madhya Pradesh), Mundra (Gujarat) and Krishnapatnam (Andhra Pradesh). In addition, several new UMPPs are likely to come up over the coming years.

On the hydro-power generation front, several new projects have been awarded to both public and private sector companies and are likely to get commissioned during the 12th Plan period. In addition, the government is planning a 40,000-MW hydro-power generation capacity during the 12th (2012-17) and 13th Plan (2017-22).

Another important development on the generation front has been the re-emergence of nuclear power with the proposed Indo-US nuclear deal. The growth of nuclear power has been hampered in India due to various sanctions imposed on us over the years. The IndoUS civil nuclear agreement aims to change this by offering India access to the latest nuclear power technology and supply of fuel. The agreement was approved by both houses of the US parliament in late 2007 and is now proposed to be translated into a bilateral agreement. This has opened up exciting opportunities in nuclear power and could potentially enable us to achieve our long-term target of 'Power for All'.

Any addition in generation would need to be supported by augmentation of transmission capacity. Accordingly, GoI and Ministry of Power (MoP) have identified the transmission grid's strengthening and augmentation requirements for the next five years. As per current estimates, this is likely to translate into investments of more than Rs. 71,000 crore in power transmission from the central sector and an equal amount from the states. Considering these investment requirements, GoI has initiated steps to involve private sector players to realise its capacity addition objectives. The first fully independent private transmission project was awarded during 2007 through international competitive bidding basis. The project was awarded to the winning bidder under a Build-Own-Operate-Transfer (BOOT) basis. GoI has already several other such projects, which would be awarded in a similar manner across the country in the coming years.

The highways sector

India has the second largest road network in the world comprising about 3.3 million kms . Roads carry about 65 per cent of the freight and 80 per cent of the passenger traffic. While national highways/expressways constitute only about 66,590 kms (2 per cent of all roads), they carry 40 per cent of the road traffic. This signifies the huge potential for highway development in the country. The number of vehicles has been growing at an average pace of 10.16 per cent per annum over the last five years.

For the purpose of management and administration, roads in India are divided into the following categories: (1) National Highways (NH) which are intended to facilitate medium and long-distance inter-city/state passenger and freight traffic across the country (2) State Highways (SH) which carry traffic along major centres within the state (3) Major District Roads (MDR) having the

Capacity addition for XI Plan (2007-12) – MW

Fuel mix	Central sector	State sector	Private sector	Total
Thermal	26,800	24,347	7,497	58,644
Hydro	9,685	3,605	3,263	16,553
Nuclear	3,380	–	–	3,380
Total	**39,865**	**27,952**	**10,760**	**78,577**

Source: CEA

secondary function of linkage between main roads and rural roads and (4) Other district roads and village roads which provide accessibility to villages to meet their social needs, as also the means to transport agricultural produce from villages to nearby markets.

Indian road network	Kms
Expressways	200
National Highways	66,590
State Highways	131,899
Major District Highways	467,763
Rural and other roads	2,650,000

Source: NHAI

Status of National Highways as on 30th April, 2008

Single lane/intermediate lane	32%
Double lane	56%
Four or more lanes	12%

The Economic Survey 2006-07 projects an investment requirement of over US$ 50 billion for the modernisation and upgradation of highways during the Eleventh Five Year Plan. Given the stress on national highways, the first and the foremost task mandated to the NHAI is the implementation of NHDP - comprising the Golden Quadrilateral and North-South and East-West Corridors. In addition to the projects under NHDP, the NHAI is also currently responsible for about 1,000 km of highways connecting major ports and some important national highways. The length of highways with the NHAI is currently around 14,162 km. The status of the various NHDP projects is as given below:

After seeing the initial success of PPP model, Government has taken many new initiatives to encourage private investment in roads. A new model concession agreement directs NHAI to hand over 60 per cent to 80 per cent of the required land area and obtain all environmental clearances as conditions precedent for it before the financial closure of any project.

The Government has taken several initiatives to encourage private investment in roads. Some of the key initiatives are as follows:

- The Government will carry out all preparatory work, including land acquisition and utility removal. Right of way (ROW) to be made available to concessionaires will be free from all encumbrances.
- In addition, a new model concession agreement directs NHAI to hand over 60 per cent to 80 per cent of the required land area and obtain all environmental clearances as conditions precedent for it before the financial closure of any project.
- NHAI / GOI to provide capital grant up to 40 per cent of the project cost to enhance viability on a case-to-case basis.
- 100 per cent tax exemption for five years and 30 per cent relief for the next five years, which may be availed of in 20 years.
- Concession period is linked to traffic to minimise the traffic risk. Concession period is allowed up to 30 years.
- In BOT projects, concessionaire is allowed to collect and retain toll revenue.
- Duty-free import of specified, modern high-capacity equipment for highway construction.
- Arbitration and Conciliation Act, 1996, based on UNICITRAL provisions.

Urban infrastructure sector

a) Special Economic Zones

The Government of India recognised the potential of Special Economic Zones (SEZs) way back in 1965 with the setting up of Export processing Zone (EPZ) in Kandla. The idea was to overcome limitations on account of multiple controls and clearances, inadequate infrastructure and attract foreign investment. It was the first-of-its-kind in Asia at that time. However, a formal policy on the concept was announced in April 2000. Subsequently, in February 2006, the SEZ Act, 2005 supported by SEZ rules came into effect. The idea was to instill confidence in investors by signalling the Government's commitment to a stable SEZ policy regime, with a view to impart stability to the SEZ regime, generating greater economic activities, promoting exports of goods and services, attracting investment for foreign as well as domestic sources, development of infrastructure and employment. Every SEZ is divided into a processing area where only the SEZ units would come up, and the non-processing area where the supporting infrastructure is to be created.

The SEZ Act 2005 envisages the key role for the State Governments in export promotion and creation of related infrastructure.

The SEZ Rules provide for simplified procedures on all aspects of setting, operating and conducting business in Special Economic Zones. It provides for a single-window clearance for setting up of an SEZ or a unit within it, irrespective of whether clearances relate to the Central government or the State government, by simplified compliance procedures and documentation, with an emphasis on self certification. The rules also provide for

Private participation for National Highway Development Projects

	NHDP							
	GQ	NS-EW Phase I & II	NHDP Phase III	NHDP Phase V	NHDP Total	Port Connectivity	Others	Total by NHAI
Total length (km)	5,846	7,300	12,109	6,500	31,755	380	962	33,097
Already 4-laned (km)	5,669	2,208	428	-	8,305	175	516	8,996
Under implementation (km)	177	4,113	1,647	1,030	6,967	199	426	7592
Contracts under implementation (No.)	22	146	31	7	206	8		
Balance length for award (km)	-	821	10,034	5,470	16,325	6	20	16,351

The benefits derived from the multiplier effect of the investments and additional economic activity in the SEZs and the employment generated thus will far outweigh the tax exemptions and the losses on account of land acquisition. This is the fundamental assumption behind SEZ concept. Stability in fiscal concession is absolutely essential to ensure credibility of Government intensions.

different minimum land requirements for different class of SEZs.

The incentives and facilities offered to the units in SEZs for attracting investments into the SEZs, including foreign investment, include duty-free import/domestic procurement for development, operation and maintenance of SEZ units, very lucrative tax incentives and easy terms for borrowing by SEZ units. Incentives and facilities available to SEZ developers include exemption from customs/excise duties for the development of SEZs for authorised operations and very attractive tax incentives.

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Exports from the functioning SEZs during the last five years are as under:

Year	Value (Rs. crore)	Growth (over last year)
2003-04	13,854	39%
2004-05	18,314	32%
2005-06	22,840	25%
2006-07	34,615	52%
2007-08	66,638*	92%*

*Figures for 2007-08 are projected

It is estimated that after the enactment of SEZ Act, 2005, investment worth approximately Rs. 69,350 crore have been made in SEZ units, providing employment to approximately one lakh people.

The growth potential of Indian exports makes the SEZ space attractive. A recent observation indicated that China currently accounts for nearly 10 per cent of the total global exports, up from 4 per cent in 2000. A key reason for the enhancement of exports in China has been the development of the SEZs. For example, Shenzhen accounts for nearly 15 per cent of the total exports from China. India's contribution to the global trade is currently one per cent. While exports-to-GDP ratio in China is more than 70 per cent, the figure is between 25-30 per cent for India. Thus there is immense potential for India to increase its share in global trade through exports-oriented incentives.

India needs to replicate the success of SEZs in China to trigger its exports to the next level in the global arena. SEZs help create high-quality infrastructure in pockets and provide a supportive business environment. They allow the government to experiment with the liberalisation of labour laws. SEZs also attract foreign capital and technology. Increasing the exports by more than 8 times requires huge investment in these SEZs, both domestic as well as FDI. On an average investment of 1 – 1.2 million US$ per acre, we would need additional 6 to 7 lakh acres of SEZ land. Already about 460 SEZs have been proposed / approved. Given the interest of various domestic and international companies, we expect the trend to continue in the short to medium term.

b) Property Development

The property sector in India has been on a high-growth path over the past few years. Riding on a strong economic growth, increasing disposable income and growing appetite for quality real estate, the industry has been supported by a favourable investment climate (such as relaxation in FDI and private equity in real estate) and liquidity scenario in the economy. While favourable demographics ensured huge demand for residential assets, growth in commercial activities, especially IT/ ITES sector fuelled the demand for quality office and hospitality assets.

The industry is expected to continue to show strong growth trends as the fundamentals and major demand drivers of the industry remain strong. Currently worth US$57 billion, the industry is projected to grow at a compounded annual rate of 13 per cent to touch US$105 billion by 2012. India is likely to maintain its leadership position in the IT/ITES domain and remain as one of the fastest growing economies of the world, driving up business activity and the demand for commercial and hospitality assets.

Residential segment

The residential segment, which accounts for 75 per cent-80 per cent of the industry turnover, has witnessed a healthy growth (annualised growth of 30-50 per cent in capital values) over the past three-four years. The growth has been a broad-based one, going beyond the major cities to include tier II cities.

Fuelled by favourable demographics and an acute shortage of dwelling units, the potential demand for residential assets in the country is huge.

According to the ministry of housing and urban poverty alleviation, there is a shortage of 24.7 million houses in the country, especially at the low and mid-income housing segments. The industry is starting to recognise the potential of this segment and future investments in housing are likely to be directed to the development of affordable housing units as well.

In the high-income segment, the demand for quality lifestyle and walk-to-work concepts have led to growth in demand for integrated townships that offer commercial, retail, residential and leisure facilities within a given area. Approximately, 400 townships are expected to be developed over the next five years around 30-35 major cities in the country.

Commercial segment

The IT/ ITES industry is the biggest demand driver for commercial real estate in India. The IT/ ITES boom in the economy has seen a huge increase in the stock of commercial space in the country over the past few years from ~30mn sq ft in 2003 to over ~150mn sq ft in 2008. It has also led to the emergence of tier II and III cities as new centres of growth in Ahmadabad, Jaipur, Chandigarh, etc. which have witnessed massive supply creation in the past few years.

The Economic Surveys project that the demand for commercial space is likely to continue growing. The cumulative demand over the next five years is likely to be 200-250 mn sq ft. But unlike a few years back, when the market was starved of supply, the success of a property would increasingly depend upon its competitive advantages in terms of location, quality, pricing, associated facilities, etc.

Hospitality segment

Hospitality segment is going through a high-growth phase with all operating indicators recording significant growth over the past six years. Resultantly, the revenue per available room (RevPAR) has witnessed an overall annual growth of almost 31 per cent in 2006-07, almost trebling from the 2002-03 levels. The attractive growth has enticed major expansion plans from almost all operators and significantly higher earnings are predicted in this sector. As per an observation, plans have been announced for as high as one lakh additional rooms across India – against the current supply of 39,300 rooms. Interestingly, construction for more than 20 per cent of the planned increase in capacity has already started.

Segment-wise performance and outlook

Airports sector

GIL holds concessions to develop, operate and maintain the Hyderabad International Airport located in the state of Andhra Pradesh, or the Hyderabad Airport, and the Indira Gandhi International Airport in New Delhi, or the Delhi Airport. While the Delhi airport was already operational, GMR Group has completed the initial development in the greenfield airport of Hyderabad and the airport has become operational.

GMR Hyderabad International Airport Limited (GHIAL)

We have developed a greenfield international airport at Shamshabad, near Hyderabad, through our subsidiary company GMR Hyderabad International Airport Limited. The airport has commenced operations effective March 23, 2008. The airport currently has been built with a capacity of 12 million passengers per annum and includes among other features, a single runway, a passenger terminal building, a separate cargo terminal building and retail facilities, all of which are built to international standards. In the next phase, the airport facilities would be expanded to accommodate 20 million passengers annually. After the completion of all phases, the airport would be able to handle 40 million passengers per annum. Hyderabad, as a destination, had air passenger traffic of 6.9 million in the year 2007-08, which is a growth of 21.6 per cent over the previous financial year.

Key features of the airport:

- Modular design for easy expansion of airside and terminal facilities.
- India's longest runway (4260 m).
- 4260 m taxiway – capable of being used as emergency runway.
- State-of-the-art IT systems – FIDS, CUTE, CUSS.
- Airport village - a concept for meetings and greetings which take place in the airport with aesthetic Indian ambiance.
- 100 per cent barrier-free access for the physically challenged and the elderly.
- Business hotel (within the airport premises and close to terminal).

Financial and operational performance

Till now, the Company has invested Rs. 2478 crore in the development of the airport. It was funded by equity capital of Rs. 378 crore, grant from GoAP of Rs. 107 crore, interest-free loan from GoAP of Rs. 315 crore and secured loans of Rs. 1678 crore. GHIAL had carried out commercial operations only for a period of nine days in FY 2007-08 and during this period, generated income from services of Rs. 5.96 crore and registered a net loss of Rs. 57.81 crore, including certain exceptional expenditure of Rs. 49.99 crore, as explained in the following pages.

Future plans at GHIAL

Having delivered India's first truly world-class airport, GHIAL has moved from a project phase into an operational phase. Considering this, the focus areas going forward will be as follows:

Non-aero revenues: We see this as a key driver like retail, duty-free food & beverages (F&B), advertising, fuel-farm, etc. for future growth of revenues at GHIAL.

- GHIAL is working with its F&B and other retail concessionaires like HMS Host, Nuance and Plaza Premium to provide world-class retail and F&B facilities, a wide product mix, comfortable layouts and ambiance to attract passengers to spend more at the airport.
- GHIAL has awarded a seven-year concession to Laqshya Media Pvt. Ltd. to manage the advertising space at the airport and the initial response has been encouraging. We are confident of achieving or exceeding the sales projections, which will benchmark GHIAL as one of the top airports in India in terms of advertising revenue yields.
- GHIAL has adopted an open-access system for fuel-farm which promotes competitive market spirit – thereby benefiting the airlines. GHIAL has also worked with the state government to reduce the tax rate on ATF at GHIAL. These initiatives have already started showing very positive influence on the amount of fuel uptake from GHIAL as compared to the old airport.

Service quality: Though the concession agreement required that GHIAL should retain its service standards level of 3.5 on ASQ scale, GHIAL has plans to achieve 3.75. In line with the standards mentioned by the rating authority, GHIAL has planned to achieve this by satisfying all segments of customers, including passengers and airlines. Based on preliminary feedback from passengers, GHIAL in its first few days of operations is already achieving a rating of 3.6 on the ASQ scale.

International hub: We plan to establish Hyderabad as an alternative gateway to India. Hyderabad is geographically well positioned to become a global aviation hub. It is a city with a catchment of 75 million people and is located within a two-hour flying time to all major Indian cities and three-five hour of flying to major Asian cities. Hyderabad is geographically well positioned to become a global aviation hub connecting South, South-east and North Asia with Middle-east, Europe and Africa.

Delhi International Airport Private Limited (DIAL)

We took over operations of the Delhi airport with effect from May 3, 2006 and have achieved significant progress in our quest to become a world-class airport by 2010, in time for the Commonwealth games. DIAL handled 23.97 million passengers in 2007-08, a growth of 17.3 per cent over the previous year's traffic. The sustained high growth rates mean that DIAL is soon going to be in the domain of some of the busiest airports in the world. The current airport master plan envisages the capacity to handle 100 million passengers.

DIAL plans to work jointly and closely with all stakeholders to make the service levels at the Delhi airport at par or even better than the best airports in the world. In the last two years, since we took charge, we have made considerable efforts to improve and enhance facilities in the domains of both airside and landside despite capacity constraints. By investing in the training of our people and upgrading facilities and equipment at the airport, we are working towards our goal of a safe, secure and service-oriented airport.

Keeping this in view, a master plan was submitted to the Government on September 29, 2006. DIAL has made considerable progress in the development of Phase 1A.

Phase 1 A: 2008

- A 4,430-metre long new runway would be operational by September '08.
- Modernisation and expansion of domestic arrival terminal, to be completed by November '08.
- Construction of new domestic departure terminal to replace terminal 1B, to be completed by November '08.
- Existing international terminal has been completely revamped by July '08.
- Construction of a dedicated airport express metro line is underway and is expected to be operational in time for the 2010 Commonwealth games.

Phase 1 B: 2010

- Terminal 3 (T3), the new integrated international and domestic terminal (590,000 sq. m.) excluding modified T2, will have a consolidated capacity to handle 34 million passengers.
- T3 would have 55 contact gates and 20 remote parking stands.
- More than 130 check-in counters and 100 immigration desks.
- Airport village with shopping, entertainment and dining facilities for meeters and greeters.
- A 60-room hotel in the terminal for convenience of transit passengers.
- World-class retail experience at par with some of the best airports.
- Multi-level car parking with a capacity for 6,500 cars.
- T3 will be connected directly via a six-lane road connecting the National Highway and a dedicated metro line (partly funded by DIAL) connecting the city centre.

Financial and operational performance

During the financial year 2007-08, DIAL generated total gross revenues of Rs. 870.57 crore (excluding other income) up 48 per cent from Rs. 588.00 crore revenue in 2006-07(for the period of 2nd May 2006 to 31st March 2007), with a net profit of Rs. 56.66 crore, up 93 percent from the previous year's profit of Rs. 29.33 crore. The aforesaid gross revenue consists of 37 per cent revenue from aero operations and 63 per cent revenue from non-aero and cargo operations. Of the said gross revenue, DIAL has shared Rs. 402.71 crore, being 45.99 per cent thereof, as annual concession fee with the Airports Authority of India.

Future plans at DIAL

Non-aero revenues

As in most Asian airports, we are completely focused on driving our non-aero revenues aggressively. The world-class infrastructure that we would be providing is also going to benefit other businesses that operate at the airport. To this end, we have initiated the process of undertaking a shift in the business model from fixed license fee to revenue share (with minimum guaranteed revenues).

- Duty free is one of the biggest components of an airport's revenues and at many airports it contributes significantly to its retail revenues. By 2010, the new terminal with a much bigger retail area would enhance duty-free revenues.
- Retail spending by domestic travellers would also see a surge, with the introduction of the New Terminal 1B. It would provide a spacious hassle-free experience for domestic travellers seeking to unwind before their flight.
- DIAL has already awarded a three-year advertising contract to Times Innovative Media Pvt. Ltd. In addition, various top F&B players such as McDonalds, Nirula's, Café Coffee Day, etc. are operating at the Delhi airport, widening the options available to passengers.
- This year, DIAL is focusing on other streams of non-aero operations like ground handling besides negotiating some other important contracts to provide world-class facilities to passengers and airlines.
- With robust growth of the Indian economy, cargo traffic is expected to grow further. With sectors like textiles, electronic goods and perishables expected to show significant growth, there is tremendous opportunity for growing air cargo at Delhi. DIAL is working towards developing the airport as a cargo hub.
- DIAL Cargo has crossed 300000 tonnes of International cargo (Imports & Exports)

The vision of GMR is to position India firmly on the global aviation map by providing world-class facilities that deliver an enhanced passenger experience and superior operational performance, while contributing to the economic development of the region. In line with this, the initial strategy envisaged is to make the airports efficient in terms of its facility and services. The long-term objective is to make Delhi and Hyderabad as international hubs for passengers and cargo with world-class service standards and operational superiority.

Istanbul Sabiha Gokcen International Airport (SGIA), Turkey

GIL has bagged the BOT-based development and operation rights for the Istanbul Sabiha Gökçen Airport, Turkey in 2007. It is the first international project for the GMR in the airport sector. GMR has bagged the project in partnership with Limak, Turkey and MAHB, Malaysia. GMR holds 40 per cent equity share in the project. The consortium signed the implementation agreement with the Defence Ministry of Turkey on March 20, 2008 and taken over the operations of the airport on May 1, 2008. Concession is granted for a period of 20 years, including the investment period which is 30 months as per the implementation agreement though the consortium is making effort to complete the new terminal construction by October, 2009 as desired by the Prime Minister of Turkey.

The Company has successfully negotiated the financial closure agreement with the lenders. The first drawdown of 70.2 Mn Euro has already happened. The EPC contract has been awarded to GMR Limak Joint Venture for a consideration of Euro 330.86 million. The investment would be funded by 20 per cent of shareholder equity, 5 per cent of subordinated loan and 75 per cent of senior project finance facility.

SGIA has already been operational for six years and currently has a capacity of 3.5 million passengers, serving mostly domestic and international low-cost flights. As Istanbul's other airport, Atatürk is operating at close to maximum capacity and has no room for growth, the need for a sizable second airport is imminent. Located in the Asian side (as opposed to Atatürk Airport on the European side), SGIA will become not only the major competitor to Atatürk Airport, but also a hub serving additional largely populated cities such as Kocaeli, Izmit and Bursa. The concession allows for additional facilities and services (with proper approvals and a revenue-share scheme) which give the winning bidder flexibility and opportunity to create additional growth and revenue sources.

Driven by a dedicated team, the SGIA is making good progress towards achieving the goal of becoming a world-class airport. Some of the major milestones achieved so far are:

- Achieved financial closure.
- EPC contract awarded and construction is progressing as per schedule.
- Major contracts like duty-free and F&B contracts have been awarded.
- Employees transitioned from HEAS and orientation and training is underway.

As part of our growth plan, we are developing facilities benchmarked to international standard, which include a new international terminal building complete with VIP/CIP lounge, a multi-storyed car park with a capacity of 4500 cars and a hotel. The development is expected to be completed by 2010, in time to accommodate the incremental growth in traffic. The new facilities, once ready, would be capable of handling up to 25 million passengers annually, up from the existing capacity of 3.5 million.

Energy sector

Operational assets

We currently own the following operating assets in our energy business:

- 200-MW LSHS-fired power plant at Chennai in the state of Tamil Nadu, or the Chennai power plant, which commenced commercial operation in 1999.
- 220-MW naphtha-fired power plant at Mangalore in the State of Karnataka, or the Mangalore power plant, which commenced commercial operation in 2001. The plant is being shifted to Kakinada in Andhra Pradesh and
- 388.5-MW gas-fired power plant at Vemagiri in the state of Andhra Pradesh, or the Vemagiri power plant which achieved its commercial operations date (CoD) in September 2006.

Financial and operational performance

During the financial year 2007-08, GMR Energy Limited generated total revenues of Rs. 759 crore with a net profit of Rs. 135 crore, as compared to total revenues of Rs. 665 crore with a net profit of Rs. 117 crore in the financial year 2006-07.

During the financial year 2007-08, GMR Power Corporation Private Limited generated total revenues of Rs. 792 crore with a net profit of Rs. 15 crore, as compared to total revenues of Rs. 581 crore with a net profit of Rs. 31 crore in the financial year 2006-07.

Though the Vemagiri Power Plant declared COD (Commercial Operations Date) in September 2006, the Company could not continue operations in 2006-07 due to non-availability of gas. The plant was operational for a few months in 2007-08 and generated total revenues of Rs. 66 crore and a resultant loss of Rs. 109 crore.

Future plans

We remain positive that the energy business would continue to play an important role in the overall business portfolio and provide impetus to growth. Going forward, in keeping with the developments in the energy sector, the Company is focusing on continuing to diversify its fuel mix and expand its presence across India and globe.

Focus on development of existing opportunities: The Company is now focusing on implementing the opportunities on hand. These include:

- The development of a 300-MW hydroelectric

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power plant on the river Alaknanda in the Chamoli district in Uttarakhand.

- The development of a 160-MW hydroelectric power plant on the river Kameng in East Kameng district in Arunachal Pradesh.
- The development of a 180-MW hydroelectric power plant at Bajoli Holi, Chamba District, Himachal Pradesh.
- Two hydroelectric power plants at Upper Karnali and Upper Marsyangdi in Nepal, aggregating to over 550 MW.
- The development of a 1,050-MW coal-fired power project in the Dhenkanal district in Orissa.
- The development of a 1,050-MW coal-fired power project in the state of Chattisgarh.

Sustained focus on hydro opportunities within and outside India: The Company would continue to focus on potential hydro opportunities both within and outside India.

Sustained focus on developing fuel security within and outside India: The Company would continue to focus on developing captive fuel sources in India and abroad. Already, the Company has acquired 10 per cent stake in Homeland Mining & Energy in South Africa. This Company is a subsidiary of Homeland Energy Group of Canada.

Transmission projects: The Company has put together an experienced business development team for targeting the transmission business opportunity. The team had earlier made a technically competent bid for the first round of projects bid out by PGCIL (Power Grid Corporation of India Limited). The team would aim to secure opportunities in transmission during the year and expand our presence in the sector value chain.

Nuclear Energy

The Company made a strategic plan to take advantage of opportunities expected in Nuclear Energy Industry in India and from the nuclear renaissance that would be taking place globally. We are in the process of developing multifold competencies that are required to tap these opportunities. We nurture an ambition to play an effective role in Indian Nuclear Energy Industry and contribute for the Country's development. An experienced business development team is set up to target the opportunities that may emerge in the field.

Environmental Protection and Energy Conservation

Industrial entrepreneur success of the Company is always integrated with strident Environmental Management practices across all process operations. Clean environment as top priority, several unique schemes have been implemented and continually progressed to prevent pollution, recycle and conserve natural resources. Various Health & Safety practices are also incorporated that go beyond mere letter of law.

All the operating units are in full compliance with environmental regulations and the Environmental performance indicators like Stack emissions, Ambient air quality etc are much below the stipulated norms. Hazardous wastes are being disposed through Pollution Control Board authorized agencies. We installed on-line Stack monitoring at Mangalore, Chennai and Vemagiri power plants for better control. Continuous Ambient Monitoring systems were set-up at appropriate locations in and around the operating plants.

Mangalore and Chennai units are certified with OHSAS 18001, ISO 14001, ISO 9001. Chennai plant had received the prestigious Dr. M S. Swaminathan Award for Environment Protection in 1999-2000.

We are aiming at establishing Integrated Management System Certification for Quality, Environment, Health, and Safety.

Unique efforts have been made for continual improvement. The environmental protection and energy conservation measures at operating units are highlighted below:

In the Mangalore Plant use of seawater instead of fresh water, efficient rain water collection, atmospheric moisture condensate systems and stringent operational practices to reduce Water-to-fuel ratio (also reduce heat rate) conserve fresh water to a greater extent. Continuous energy conservation measures include changing the Chiller Unit insulation to Polyurethane Foam (PUF) results in saving 20% energy in the auxiliary consumption. Complete acoustic enclosure of generator room reduces noise dissipation. Chlorine (a hazardous chemical) was replaced with bio-degradable non-oxidizing biocide for seawater treatment resulting in safe handling. Recycling of waste Naptha conserves fuel. Composting of marine waste from seawater screening generates manure and the same is used for green belt. The Plant is supporting the National Forest Policy by converting 34% of acquired land to green belt with select tree species.

In the Chennai plant we innovatively set-up fully integrated Sewerage Water Treatment Plant including Reverse Osmosis process for treating 10% of Chennai's total sewage saving fresh water intake of 5,400 m3/day, which is equivalent to the water used by 100,000 people. The treated STP water is used for cooling operations and green belt development. Waste Heat Recovery Boilers generate steam for use in indirect heating of fuel storage tanks and pipelines. Solar energy powers the boundary fence.

In the Vemagiri Plant the Gas Turbine uses the advanced Dry Low NOx (DLN 2.0 +) burner system to reduce NOx emissions at source. Waste heat from Gas Turbine is used for Power production in Steam Turbine through Heat Recovery Steam Generator (HRSG). Reuse of Steam Condensate and HRSG is designed for zero make up.

In the recent foray of GMR Hyderabad International Air Port (GHIAL), we have incorporated special features of environment friendly design. Power savings through use of natural sun light, use of recyclable material, effective waste management system, etc. through efficient building design are incorporated. The Lighting per square foot in the passenger terminal block uses only 0.9 watts of energy as against the minimum of 1.3 watts prescribed by the American Society of Heating, Refrigerating and Air-Conditioning Engineers.

Reduce, Reuse and Recycle the '3R' credo, in environment management leading to concern for pollution prevention and energy conservation, is given priority in the Group's businesses. The Group promises to do business in a manner that is conducive to the Environment and Communities, whilst abiding by the environmental regulations of the Nation and achieving the triple bottom line i.e. Economically Efficient, Environmentally Responsible and Socially Committed Corporate.

Inorganic growth: The Company is also exploring inorganic growth opportunities if they are found economical. The Company has identified an opportunity and acquired 50 per cent stake in Intergen, a leading independent power producer having interest in various countries. InterGen N.V is a 13000 MW power generation company, with 8,258 MW of gross operating capacity across

Australia, Mexico, The Netherlands, UK and The Philippines, has 4,822 MW of assets under development. During the year ending December 2007, it recorded a proportional turnover of around US$ 1.65 billion and a total proportional EBIDTA of US$ 613 million. The acquisition at a value of US$ 1.1 billion is the largest ever acquisition of an energy utility company by an Indian company.

Highways sector

The Company has two annuity-based road projects under operation and four road projects under implementation. Each project is being operated / executed through a separate subsidiary company which acts as a special purpose vehicle (SPV). Both the operational projects are annuity based.

The operational road projects are mentioned below:

- 93 kilometre stretch on the Chennai-Dindigul (NH-45) Highway or GMR Tambaram-Tindivanam Expressways Private Limited, which commenced commercial operation in October 2004.

- 59 kilometre stretch on the Chennai-Kolkata (NH-5) Highway or GMR Tuni-Anakapalli Expressways Private Limited, which commenced commercial operation in December 2004.

Financial and operational performance

During the financial year 2007-08, GMR Tambaram-Tindivanam Expressways Private Limited generated total revenues of Rs. 80.62 crore (includes other income but excludes interest income) with a net profit of Rs. 22.18 crore, as compared to Rs. 79.11 crore (includes other income but excludes interest income) and Rs. 16.29 crore respectively for the financial year 2006-07.

During the financial year 2007-08, GMR Tuni-Anakapalli Expressways Private Limited generated total revenues of Rs. 59.01 crore (includes other income but excludes interest income) with a net profit of Rs. 15 crore as compared to Rs. 59.15 crore (includes other income but excludes interest income) and Rs. 10.44 crore respectively for the financial year 2006-07.

Since both the road projects are annuity based, the revenues from year to year should normally be the same. However, the marginal increase in the total revenues, particularly in the case of Tambaram-Tindivanam project, is due to certain non-recurring revenues earned during the previous year and increase in profits for the year is mostly due to lower finance costs for the year.

In addition to the two road projects in operation, four road projects are under construction and would be operational in the next financial year. Of these four projects, one project is an annuity-based road project while the rest are toll-based road projects. The details and status of these projects are as under:

- GMR Ambala - Chandigarh Expressways Private Limited is implementing a toll-based road project on a 35 kilometre stretch between Ambala and Chandigarh on NH 21 and NH 22. The total project cost of Rs. 391.14 crore has been funded in the debt equity ratio of 2.57:1. The project achieved the financial closure in May 2006. This is expected to become operational by Q3 of FY'09. As on March 31, 2008, an amount of Rs. 319.02 crore has been spent on the project.

- GMR Jadcherla Expressways Private Limited is implementing a toll-based road project on a 59 kilometre stretch between Farukhnagar and Jadcherla on NH 7. This project also includes operationalising of an additional 12 kilometre stretch on the Hyderabad-Bangalore Highway. The total project cost of Rs. 471 crore has been funded in the debt equity ratio of 3:1. The project achieved financial closure in August 2006. This is expected to become operational by Q3 FY'09. As on March 31, 2008, an amount of Rs. 328.52 crore has been spent on the project construction.

- GMR Pochanpalli Expressways Private Limited is implementing an annuity-based road project on an 102 kilometre stretch between Adloor Yellareddy and Kalkallu on NH 7. This project also includes operationalising of an additional 17 kilometre stretch on the Hyderabad-Nagpur highway. The total project cost of Rs. 690 crore has been funded in the debt equity ratio of 4:1. The project achieved financial closure in September 2006. This is expected to become operational by Q4 FY'09. As on March 31, 2008, an amount of Rs. 333.39 crore has been spent on the project.

- GMR Ulundurpet Expressways Private Limited is implementing a toll-based road project on a 73 kilometre stretch between Tindivanam and Ulundurpet on NH 45. The total project cost of Rs. 795 crore has been funded in the debt equity ratio of 3:1. The project achieved financial closure in October, 2006. This is expected to become operational by the end of 2008. As on March 31, 2008, an amount of Rs. 463.31 crore has been spent on the project.

Future plans

NHDP Phase I & II are likely to be completed by December 2008, whereas NHDP Phase IIIA is scheduled for completion by December 2009. In addition to the above, six-laning of 148 km has been awarded and six-laning is proposed under NHDP Phase V.

The plan outlay of NHDP till 2010 is given below:

- NHDP Phase – III A & B – About 6000 kms of four-laning

- NHDP Phase – V – Six-laning of Golden Quadrilateral - about 3000 kms

- NHDP Phase – VI – Expressways to be developed on greenfield basis - about 1000 kms

- NHDP Phase – VII – Ring roads, bypasses around major metros and cities

The aforesaid plans of NHAI indicate that extensive business opportunities will unfold in the road sector in the year 2007-08 and thereafter.

Apart from mobilising all resources and harnessing the best practices in all aspects of project implementation to ensure that the four road projects under implementation are commissioned on schedule, we are gearing to make competitive bids for all the projects identified as viable and profitable, based on our detailed bid studies. As part of the business development efforts, we have been doing extensive analysis and studies on the potential projects such as:

- Detailed traffic studies taking into consideration the growth prospects specific to project corridors.

- Tie-up with potential contractors for implementing the project.

- Tie-up with financial institutions for innovative financial structuring.

- Finalisation of tolling structure and collecting mechanisms including state-of-the- art Highway Traffic Management Systems (HTMS).

- Building adequate expertise and talent to execute the projects in line with global standards.

Other major recent developments towards adding new concessions include:

- Qualified for '6-lane Badarpur elevated highway on NH-2' and 'Eastern Peripheral Ring Road'.

At DIAL, there are plans to execute high-value real estate projects in 250 acres of prime land close to the IGI airport as aero city. The first phase entails development of a hospitality district and other passenger-related services. The hospitality district would have a healthy mix of different classes of hospitality assets to cater to all segments of customers and help address the long-standing shortage of hotel rooms in the capital city.

- Submitted RFQ for seven 4-laning/6-laning projects.
- Submitted EOI for bus terminal cum commercial complex in Mohali on BOT basis.

We have strong long-term strategic plans to significantly add to our current portfolio of concessions and continue to remain as one of the lead players in the BOT road projects.

Urban infrastructure

(SEZs and property development)

SEZ

The Company has been selected by Tamilnadu Industrial Development Corporation to develop a SEZ in the Krishangiri district of Tamilnadu. The SEZ will be spread over 3,300 acres and will be developed through an SPV which will be a joint venture with TIDCO. We have entered into an MoU with the Tamilnadu Industrial Development Corporation (TIDCO) for the development of a multi-product SEZ. The SEZ is proposed to be set up in 3300 acres and land has already been identified. The land acquisition is in progress. The SEZ would house high-end, knowledge-based manufacturing and service sector units. During FY'09, we expect to complete the detailed development plan, demand assessment study, detailed master plan and infrastructure plan. The development activities will start upon the completion of the above mentioned planning activities.

The Company has plans to develop two SEZs adjoining the Hyderabad International Airport. The development would be done in phases. These SEZs are being developed in conformity with the international standards of environmental specifications.

Property development

GMR envisions positioning itself as a differentiated high-end property development player with focus on creating development hubs around landmark infrastructure projects. We have embarked on this journey with plans to develop world-class, multi-purpose property pieces around different airports and airport cities in the country.

Realising that airports are likely to be the catalyst in driving growth and development around them, much similar to the growth fostered by seaports in the 19th century and by roads/highways in the 20th century, we are working on the development of airport cities at both Delhi and Hyderabad. Similar development has been witnessed in places like Amsterdam, Singapore Changi, Kuala Lumpur International Airport, and Hong Kong International Airport. GMR Hyderabad International Airport Limited (GHIAL) is keen to enable transition of the adjoining area from metropolis to aerotropolis. Delhi International Airport Private Limited (DIAL) is also earmarking a significant area of the existing airport land for commercial development into an 'aero city' located in close proximity to the heart of the city.

The GHIAL Aerotropolis is spawned over 1000 acres of prime land around the airport. It would provide a dynamic business environment with world-class commercial offices, hospitality and exposition facilities, innovative retail and entertainment concepts along with state-of-the-art logistics and cargo facilities. With the accessibility and agility that our unique airport intends to provide, the new-economy industries in the aerotropolis would always be connected to the rest of the world. We have assembled experts from all round the globe to conceptualise and execute this world-class development and expect to initiate the first phase in the current fiscal.

At DIAL, there are plans to execute high-value real estate projects in 250 acres of prime land close to the IGI airport as aero city. The first phase entails development of a hospitality district and other passenger-related services. The hospitality district would have a healthy mix of different classes of hospitality assets to cater to all segments of customers and help address the long-standing shortage of hotel rooms in the capital city. This development would have excellent connectivity to key locations in Delhi through the Delhi Gurgaon Expressway and a dedicated high-speed rail link connecting the aero city to the city centre (Connaught Place).

GMR Construction

GMR is building an in-house construction team to minimise the risk in project execution and sustain the competitive advantage over incumbent contractors, with developer-like ambitions. It aspires to rapidly build large construction capacities to deliver multiple infrastructure projects, while maintaining best-in-class quality standards. As a result, it plans to transcend from programme management to the 'how' of construction, capturing value and mitigating risk.

Discussion and analysis of financial condition and operational performance

The consolidated financial condition and performance of the Company and its subsidiaries as per the Indian GAAP are discussed hereunder.

Share capital: Rs. 364.13 crore (Rs. 331.07 crore)

Particulars	March 31, 2008		March 31, 2007	
	No. of Equity Shares	Rs. in crore	No. of Equity Shares	Rs. in crore
Share Capital - beginning of the Year	331,084,000	331.07	264,436,814	264.44
Add: Shares issued through pre-initial public offer private placement			28,510,206	28.51
Add: Shares issued through initial Public Offer (IPO)			38,136,980	38.13
Add: Increase in number of Shares due to sub division of Equity Shares of Rs. 10 each in 5 Equity Shares of Rs. 2 each	1,324,336,000	–	–	–
Add: Shares issued through QIP	165,238,088	33.06	–	–
Less: Calls unpaid*	–	–	–	0.01
Share Capital - end of the Year	**1,820,658,088**	**364.13**	**331,084,000**	**331.07**

*The balance amount payable on allotment of shares is Rs. 11,625/- as on March 31, 2008.

In October 2007, the Company had sub-divided the equity share of Rs. 10/- each into five equity shares of Rs. 2/- each. Further during the year, the Company issued 165,238,088 shares of Rs. 2/- each through placement with qualified investors for Rs. 3,965.71 crore.

Reserves and surplus: Rs. 5,753.07 crore (Rs. 1,661.22 crore)

A summary of reserves and surplus is provided in the table below:

Rs. in crore

Particulars	March 31, 2008	March 31, 2007
Capital Reserve	137.86	125.69
Securities Premium	5,070.82	1,201.78
Debenture Redemption Reserve	20.00	25.14
Foreign Exchange Fluctuation Reserve	0.18	–
Profit and Loss Account	523.70	308.61
AS-15 adjustment for gratuity / pension	0.51	–
Total	**5,753.07**	**1,661.22**

a. Capital reserve: Rs. 137.86 crore (Rs. 125.69 crore)

Rs. in crore

Particulars	March 31, 2008	March 31, 2007
Balance - Beginning of the year	125.69	144.79
Additions for the year	12.17	–
Reduction on account of acquisition	–	19.10
Total	**137.86**	**125.69**

Capital reserve represents the difference between the book value and cost of investments acquired in subsidiaries.

b. Securities premium: Rs. 5,070.82 crore (Rs. 1,201.78 crore)

Rs. in crore

Particulars	March 31, 2008	March 31, 2007
Balance - Beginning of the year	1,201.78	–
Add: Received through fresh issue of equity shares	3,932.72	1,272.52
Less: Utilised towards share issue expenses	63.68	70.67
Less : Calls Unpaid	–	0.07
Total	**5,070.82**	**1,201.78**

As stated above, the Company received Rs. 3,932.72 crore towards premium on issue of equity shares through private placement during the current financial year under review. Out of which, an amount of Rs. 63.68 crore was utilised towards share issue expenses.

c. Debenture redemption reserve: Rs. 20.00 crore (Rs. 25.14 crore)

Rs. in crore

Particulars	March 31, 2008	March 31, 2007
Balance - Beginning of the year	25.14	43.75
Less: Transfer to Profit and Loss Account	5.14	18.61
Total	**20.00**	**25.14**

During the year, the Company redeemed debentures worth of Rs. 20.56 crore subscribed by the Life Insurance Corporation of India, General Insurance Corporation of India, IL&FS Limited and Axis Bank Limited. Accordingly, an amount of Rs. 5.14 crore was credited to profit and loss account on account of the said redemption.

d. Profit and loss account: Rs. 524.21 crore (Rs. 308.61 crore)

The balance retained in the profit and loss account as at March 31, 2008 is Rs. 524.21 crore after providing Rs. 0.13 crore towards dividend distribution tax for the dividend declared by GMR Energy Limited, the subsidiary company.

The total shareholder funds (excluding minority interest) increased to Rs. 6,117.20 crore as at March 31, 2008 from Rs. 1,992.29 crore as at March 31, 2007 as a result of QIP and share of profits earned for the year. The minority interest in the subsidiaries increased to Rs. 1,112.60 crore as at March 31, 2008 from Rs. 526.08 crore as at March 31, 2007 as a result of profits earned by the subsidiaries and on account of the share application brought in.

Loan funds

a. Secured loans: Rs. 6843.83 crore (Rs. 3021.96 crore)

Rs. in crore

Particulars	March 31, 2008	March 31, 2007
Balance - beginning of the year	3,021.96	2592.45
Add: Borrowed during the year	4,392.98	924.33
Less: repaid during year	571.11	494.82
Balance - end of the year	**6,843.83**	**3021.96**

An amount of Rs. 571.11 crore were repaid in line with sanction terms of the said loans during the current financial year.

During the year under review, secured loans of Rs. 3,868.39 crore were borrowed to fund the projects under implementation / development. The details are as follows:

Rs. in crore

Name of the Subsidary Company	Amount
GMR Ambala Chandigarh Expressways Private Limited	127.88
GMR Pochanpalli Expressways Private Limited	181.95
GMR Ulndurpet Expressways Private Limited	296.25
GMR Jadcherla Expressways Private Limited	187.94
Hyderabad Airport Security Services Limited	40.00
GMR Hyderabad International Airport Limited	1,004.85
Delhi International Airport Private Limited	2,029.52
Total	**3,868.39**

b. Unsecured loans: Rs. 1,133.10 crore (Rs. 683.72 crore)

Unsecured loans as at March 31, 2008 include Rs. 315.05 crore (Rs. 315.00 crore as at March 31, 2007) long-term interest-free unsecured loan from the Government of Andhra Pradesh to GMR Hyderabad International Airport Limited. Unsecured loans have gone up by Rs. 449.38 crore to Rs. 1,133.10 crore from Rs. 683.72 crore due to borrowings made to meet the temporary mismatches in cash flows.

Deferred tax liability (net): Rs. 42.50 crore (Rs. 14.45 crore)

The Company has a deferred tax liability (net of deferred tax assets) of Rs. 42.50 crore as at March 31, 2008 as compared to Rs. 14.45 crore as at March 31, 2007. The addition is mainly on account of Delhi International Airport Private Limited whose tax liability for the year is under Section 115JB of the Income Tax Act, 1961.

Fixed Assets

A statement of movement in fixed assets is given below:

Rs. in crore

Particulars	March 31, 2008	March 31, 2007	Growth (%)
Goodwill on Consolidation	388.52	373.09	4.14
Tangible Assets			
Land	14.09	13.80	2.10
Runways & Others	534.89	–	
Buildings	1,089.89	233.39	366.98
Plant & Machinery	3,115.97	2,621.38	18.87
Office Equipment	368.90	28.96	1,173.83
Capitalised Software	4.27	1.43	198.60
Leasehold Improvements	101.26	2.20	4,502.73
Furniture & Fixtures	48.73	9.27	425.67
Aircrafts / Vehicles	151.89	2.99	4,979.93
Intangible Assets			
Carriage Ways	672.41	658.59	2.10
Airport concessionire Rights	195.51	195.51	–

Fixed Assets (contd.)

Rs. in crore

Particulars	March 31, 2008	March 31, 2007	Growth (%)
Assets taken on Lease			
Office Equipment	5.39	–	
Gross Block	**6,691.72**	**4,140.61**	**61.61**
Less: Accumulated Depreciation	1,421.81	1,240.65	14.60
Net Block	**5,269.91**	**2,899.96**	**81.72**
Add: Capital Work in Progress (including Capital Advances)	3,679.57	1,423.18	158.55
Net Fixed Assets	**8,949.48**	**4,323.14**	**107.01**
Depreciation as % of Revenues	7.55	7.85	
Depreciation as % of Gross Block*	2.72	3.26	
Accumulated Depreciation As % of Gross Block*	21.25	30.06	

*Excluding Land

Excluding the increase in goodwill on consolidation of Rs. 15.43 crore, gross block of the fixed assets has gone up by Rs. 2,535.68 crore from Rs. 3,767.52 crore to Rs. 6,303.20 crore. These additions are arising mainly from the capitalisation of Hyderabad International Airport (Rs. 2266.59 crore) and purchase of aircraft in GMR Aviation Private Limited (Rs. 125.92 crore).

Expenditure during construction period, pending allocation (net): Rs. 843.17 crore (Rs. 482.80 crore)

Expenditure during construction period, pending allocation (net) of Rs. 843.17 crore as at March 31, 2008 compared to Rs. 482.80 crore as at March 31, 2007 represents the expenditure incurred during construction period on our projects under implementation / development. The increase was mainly on account of our four road projects GMR Ambala-Chandigarh Expressways Private Limited, GMR Jadcherla Expressways Private Limited, GMR Pochanpalli Expressways Private Limited, GMR Ulundurpet Expressways Private Limited and Delhi International Airport Private Limited. During the year Rs. 434.87 crore was apportioned over the cost of fixed assets while capitalising the assets of Hyderabad International Airport Limited. Further Rs. 26.63 crore, being pre operative expenditure in the nature of revenue expenditure was charged off during the year as the same is not eligible for capitalisation.

Investments: Rs. 4,899.59 crore (Rs. 262.42 crore)

Rs. in crore

Particulars	March 31, 2008	March 31, 2007
Unquoted Shares/ Bonds	14.41	0.14
Trade Investments	4,844.19	221.48
Government Securities	41.46	41.27
Less: Provision of Diminution in value of Investments	(0.47)	(0.47)
Total	**4,899.59**	**262.42**

The Company has been investing in various mutual funds and equity shares quoted in the stock exchanges, which are included in trade investments. These are typically investments in short-term funds to gainfully use the excess cash balance with the Company. While investing in such short-term investments, the Company balances tax-efficient returns with risks involved in such investments. The Company has raised an amount Rs. 3,965 crore through placement with qualified investors. The unutilised proceeds as on March 31, 2008 are parked in mutual funds pending deployment.

Current assets, loans and advances

a. Inventories: Rs. 38.03 crore (Rs. 30.41 crore)

The Company had inventories of Rs. 38.03 crore as at March 31, 2008 compared to Rs. 30.41 crore as at March 31, 2007. The inventory primarily constitutes fuel stocks, stores and spares of energy subsidiaries.

b. Sundry debtors: Rs. 411.59 crore (Rs. 386.02 crore)

Sundry debtors as at March 31, 2008 aggregated Rs. 411.59 crore compared to Rs. 386.02 crore as at March 31, 2007. The increase was due to the unbilled revenue of Rs. 187.32 crore as at March 31, 2008 compared to Rs. 79.20 crore as at March 31, 2007 on account of our Chennai power plant and our two annuity-based road projects at Tuni-Anakapalli and Tambaram-Tindivanam and the increase in receivables out of energy sales to the state electricity boards and distribution companies and addition on account of DIAL.

The debts outstanding for more than six months (net of provisions) include Rs. 19.87 crore from DIAL customers and Rs. 31.19 crore in respect of GPCPL customers. All the other debts are either on account of unbilled revenue as explained above or on account of the current invoices.

c. Cash and bank balances: Rs. 894.49 crore (Rs. 1,300.04 crore)

As at March 31, 2008, the Company had cash and bank balances of Rs. 894.49 crore as compared to Rs. 1,300.04 crore as at March 31, 2007.

Of the said cash and bank balances of Rs. 894.49

crore, operating subsidiaries companies and GIL have cash balance of Rs. 865.27 crore and the balance Rs. 29.22 crore is on account of project companies. The cash and bank balances with project companies represent temporary surplus, pending utilisation thereof on projects subsequent to the disbursement of loan installments.

d. Other current assets: Rs. 5.84 crore (Rs. 13.72 crore)

Other current assets constitute the income accrued for the year on investments and deposits made and the grants receivable by the Company. As at March 31, 2008, the Company had other current assets of Rs. 5.84 crore as compared to Rs. 13.72 crore as at March 31, 2007.

e. Loans and Advances: Rs. 573.09 crore (Rs. 187.07 crore)

Loans and Advances as at March 31, 2008 stood at Rs. 573.09 crore as compared to Rs. 187.07 crore as at March 31, 2007. The increase was mainly on account of increase of Rs. 171.19 crore towards advances to suppliers and other recoverable expenses, the increase in advance tax payments (net of provisions) by Rs. 30.81 crore and increase in trade deposits with various government and other agencies amounting to Rs. 129.34 crore.

Current liabilities and provisions

a. Current liabilities: Rs. 1,277.89 crore (Rs. 662.66 crore)

Current liabilities went up to Rs. 1,277.89 crore as at March 31, 2008 compared to Rs. 662.66 crore as at March 31, 2007. The increase was mainly on account of airport business.

b. Provisions: Rs. 88.16 crore (Rs. 84.46 crore)

Provisions made towards employee retirement benefits, dividend distribution tax and contingencies aggregated Rs. 88.16 crore as at March 31, 2008 compared to Rs. 84.86 crore March 31, 2007. The increase was on account of the increase in provision for operation and maintenance expenses by Rs. 5.62 crore. The increase was offset by the decrease in the provision for employee benefits by Rs. 2.00 crore.

Overview of our results of operations

The following table sets forth information with respect to our revenues, expenditures and profits on a consolidated basis.

Particulars	For the year ended March 31, 2008		For the year ended March 31, 2007	
	Rs. in crore	% of Total Income	Rs. in crore	% of Total Income
Net Income				
Sales and Operating Income (net of Annual Fee of Rs. 403.13 crore paid to Airport Authority of India)	2,294.78	97.05	1,696.74	98.93
Other Income	69.75	2.95	18.33	1.07
Total Income	**2,364.53**	**100.00**	**1,715.07**	**100.00**
Expenditure				
General and Operating Expenses	1,229.67	52.00	884.40	51.57
Administration and Other Expenses	466.61	19.73	268.66	15.66
EBIDTA	**668.25**	**28.26**	**562.01**	**32.77**
Interest and Finance Charges	168.71	7.14	144.14	8.40
Depreciation	178.44	7.55	134.56	7.85
Amortisation	0.07	0.00		
Total Expenditure	**2,043.50**	**86.42**	**1,431.76**	**83.48**
Profit Before Taxation and before Minority Interest/Share of Profits of Associate	321.03	13.58	283.31	16.52
Provision for Taxation				
Current Tax	35.31	1.49	28.77	1.68
Less: Mat Credit availed	9.26	0.39	4.65	0.27
Deferred Tax	28.04	1.19	14.27	0.83
Fringe Benefit Tax	4.29	0.18	3.15	0.18
Total Tax Liability	**58.38**	**2.47**	**41.54**	**2.42**
Profit After Taxation and before Minority Interest/Share of Profits of Associate	262.65	11.11	241.77	14.10
Minority Interest	(52.57)	(2.22)	(67.34)	(3.93)
Net Profit After Minority Interest/Share of Profits of Associate	**210.08**	**8.88**	**174.43**	**10.17**

Net income

The components of our net total income are as follows:

Particulars	For the year ended March 31, 2008		For the year ended March 31, 2007	
	Rs. in crore	% of Total Income	Rs. in crore	% of Total Income
Net Sales and Operating Income:				
Airports	473.42	20.02	316.02	18.42
(Net of Annual Fee of Rs. 403.13 crore (2007 - Rs.271.98 crore) paid to Airport Authority of India)				
Energy Business	1,541.20	65.18	1,194.89	69.67
Highway Business	139.70	5.91	143.18	8.35
Other*	140.46	5.94	42.65	2.49
Total Net Sales and Operating Income	2,294.78	97.05	1,696.74	98.93
Other Income	69.75	2.95	18.33	1.07
Total Income	**2,364.53**	**100.00**	**1,715.07**	**100.00**

•Others represent the service incomes earned by GMR Energy Limited and operating income of GMR Infrastructure Limited, less inter-company revenues.

Net operating income from airport business

Income from our airport business is derived from the operations of Delhi International Airport and Hyderabad International Airport. The Hyderabad International Airport started the commercial operations on 23rd March 2008. The total sales and operating income earned during the period ended March 31, 2008 was Rs. 876.55 crore as against Rs. 588 crore for the year ended March 31, 2007. As per the terms of operations, maintenance and development agreement entered into with the Airport Authority of India, an amount of Rs. 403.13 crore was paid towards annual fee. Thus, net sales and operating income from our airport operations stood at Rs. 473.42 crore contributing 20.02% of the total income of the Company for the year ended March 31, 2008.

Operating income from energy business

Income from energy business consists of fixed and variable components of electricity tariff charged to the state electricity boards and distribution companies as per the terms of the respective power purchase agreements. The segment's contribution as percentage of total income was 65.18% and 69.67% for the years ended March 31, 2008 and March 31, 2007 respectively. The segment income from sale of power went up by 28.98% from Rs. 1,194.89 crore for the year ended March 31, 2007 to Rs. 1,541.20 crore for the year ended March 31, 2008 on account of recommencement of operations by Vemagiri Power Generation Ltd and general improvement in PLF.

Operating income from highway business

Income from our highway operations is derived from semi-annual annuity payments made by the NHAI. Sales and operating income from our operations of road business as a percentage of total income was 5.91% and 8.35% for the years ended March 31, 2008 and March 31, 2007. The segment income was at Rs. 139.70 crore for the year ended March 31, 2008 as compared to Rs. 143.18 crore for the year ended March 31, 2007, thereby recording a decline of 2.43%.

Consolidated net sales and operating income increased by 35.25% from Rs. 1,696.74 crore for the year ended March 31, 2007 to Rs. 2,294.78 crore for the year ended March 31, 2008

Other income

Other income is derived from income from investments other than trade, gain on foreign exchange fluctuations, profit on sale of investments and other miscellaneous income. Other income as a percentage of total income was 2.95% and 1.07% for the years ended March 31, 2008 and March 31, 2007. Other income went by 280.52% from Rs. 18.33 crore for the year ended March 31, 2007 to Rs. 69.75 crore for the year ended March 31, 2008. The increase was due to increase in income from investments by Rs. 6.77 crore, increase in gain sale of investments by Rs. 11.16 crore and increase in gains on account of foreign exchange fluctuation (net) by Rs. 15.40 crore, provision no longer required Rs. 12.91 crore and increase in miscellaneous income by Rs. 5.18 crore.

Expenditure

Our expenditure has the following major components:

- Generation and operating expenses (including consumption of fuel and lubricants, water, salaries and wages of operational employees, operations and maintenance, technical consultancy fee, cost of variation works, insurance for plant and machinery, airport operator fee, cargo handling charges, lease rentals and repairs and maintenance to plant and machinery).

Our profit after taxation and before minority interest and share of profits of associate went up by 8.63% from Rs. 241.77 crore for the year ended March 31, 2007 to Rs. 262.65 crore for the year ended March 31, 2008. Our net profit after minority interest/share of profits of associate increased by 20.44 per cent from Rs. 174.43 crore for the year ended March 31, 2007 to Rs. 210.08 crore for the year ended March 31, 2008.

- Administration and other expenses (including salaries, allowances and benefits to employees, office rental, travel, insurance, electricity, consultancy and other professional charges, contributions to provident fund, provision for advances, claims and debts, losses on sale of fixed assets and investments, traveling and conveyance, communication and other miscellaneous expenses).
- Finance charges (including interest on term loans, interest to others and other finance charges viz., prepayment premiums, guarantee commission, bank charges etc.).
- Depreciation

Generation and operating expenses

Generation and operating expenses increased by 39.04% from Rs. 884.40 crore for the year ended March 31, 2007 to Rs. 1229.67 crore for the year ended March 31, 2008. Of this increase of Rs. 345.27 crore, about Rs. 324.83 crore (corresponding the increase of Rs. 346.31 crore operating income in the Power Sector) is on account of increase in the consumption of fuel in the power sector primarily reflecting increase in fuel and lubricants consumption caused by higher PLF and increased prices.

Administration and other expenses

Administration and other expenses increased by 73.68% from Rs. 268.66 crore for the year ended March 31, 2007 to Rs. 466.61. crore for the year ended March 31, 2008. The increase includes - (a) Rs. 26.61 crore being non-recurring pre operative expenditure in the nature of revenue expenditure, and (b) Rs. 23.38 crore being the inception costs, both of which are largely non-recurring in nature provided in the books of GMR Hyderabad International Airport Limited and a provision of Rs. 25 crore, made during the last quarter, by Delhi International Airport Private Limited (DIAL), a subsidiary of the Company towards estimated arrears that may be payable on account of the implementation of the Sixth Pay Commission recommendations for the employees of the Airport Authorities of India and general increase in overheads commensurate with increase in business of Airport Sector.

Thus the aggregate of generation and operating expenditure and administrative and other expenditure have gone up from Rs. 1,153.06 crore to Rs. 1,696.28 crore, registering an increase of Rs. 543.22 crore (47.11%) while our net operating revenues have gone up from Rs. 1,696.74 crore to Rs. 2,294.78 crore, recording an increase of Rs. 598.04 crore (35.24%). The reasons for the lower percentage growth in net revenue as compared to percentage increase in expenditure are mainly on account of

(a) Exceptional expenditure of GHAIL amounting (a) Rs. 26.61 crore being non-recurring pre operative expenditure in the nature of revenue expenditure, and (b) Rs. 23.38 crore being the inception costs, both of which are largely non-recurring in nature.

(b) A provision of Rs. 25 crore, made during the current quarter, by Delhi International Airport Private Limited (DIAL), a subsidiary of the Company towards estimated arrears that may be payable on account of the implementation of VI Pay Commission recommendations for the employees of the Airport Authorities of India

(c) Increase in Cost of fuel for Power sector companies from Rs. 698.83 crore to Rs. 1,023.66 crore.

Earnings before interest, depreciation, taxes and amortisation

The overall EBIDTA margins came down from 32.77% to 28.26% for the year ended March 31, 2007, though there was an increase of Rs. 106.24 crore in absolute numbers. The EBIDTA margin of power sector has declined as aforesaid since EBIDTA quantum of the sector is mostly fixed and is relatively independent of the changes in the revenue quantum due to take or pay nature of the business with pass through fuel costs. With EBIDTA quantum being relatively unchanged, higher revenues would lead to lower EBIDTA margins. Hence, the higher revenues of the current year as compared to the pervious year have led to the optical decline of the EBIDTA margins. Coupled with this, the exceptional items of expenditure in the Airport sector also contributed for decline of EBDTA margins.

Interest and finance charges

Interest and finance charges increased by Rs. 24.57 crore (17.05%) from Rs. 144.14 crore for the year ended March 31, 2007 to Rs. 168.71 crore for the year ended March 31, 2008. The additional interest is mainly due to the interest charged for full year in the case of Vemagiri Power Generation Limited.

Depreciation

Depreciation for the financial year increased by 32.66% from Rs. 134.56 crore for the year ended March 31, 2007 to Rs. 178.51 crore for the year ended March 31, 2008 due to capitalisation of Hyderabad International Airport and depreciation charged for the full year for Vemagiri Power Generation Ltd.

For the purpose of consolidation, depreciation in respect of power sector subsidiaries has been uniformly considered based on the rates as prescribed under Schedule XIV to the Companies Act, 1956, amounting to Rs. 117.43 crore (2007: 86.49 crore). Depreciation on assets of such subsidiaries is charged in the financial statements of the individual entities on different basis, aggregating to Rs. 242.94 crore (2007: Rs. 213.65 crore), following accounting policies / rates which are considered appropriate in each case.

Profit before taxation and before minority interest/share of profits of associate

Profit before taxation and before minority interest/share of profits of associate for the year ended March 31, 2008 stood at Rs. 321.03 crore as compared to Rs. 283.31 crore for the year ended March 31, 2007.

Taxes

Income taxes are accounted for in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountants of India on “Accounting for Taxes on Income”. Taxes comprise current, deferred and fringe benefit taxes.

Provision for current taxes is made at the current tax rates after taking into consideration the benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences (being the difference between the taxable income and the accounting income that originate in one year and are capable of reversal in one or more subsequent years). Deferred tax assets and liabilities are computed on the timing differences applying the substantially enacted tax rate. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax in respect of timing differences, which originate and reverse during tax holiday period are not recognised.

The total tax expense went up by 40.54% from Rs. 41.54 crore for the year ended March 31, 2007 to Rs. 58.38 crore for the year ended March 31, 2008. The tax liability as a percentage of Profits Before Tax has gone up from 14.66% to 18.18% as compared to the previous year. This is primarily due to non-availability of exemption under Section 80IA of the Income Tax Act, 1961, to Delhi airport like in the case of other infrastructure projects of the Company. Also, though the losses from Vemagiri Power Plant have reduced the profits before tax, such losses are not available for reduction of consolidated tax liability.

Profit after taxation and before minority interest/share of profits of associate

Our profit after taxation and before minority interest and share of profits of associate went up by 8.63% from Rs. 241.77 crore for the year ended March 31, 2007 to Rs. 262.65 crore for the year ended March 31, 2008.

Net profit after minority interest/share of profits of associate

As a result of the foregoing, our net profit after minority interest/share of profits of associate increased by 20.44% from Rs. 174.43 crore for the year ended March 31, 2007 to Rs. 210.08 crore for the year ended March 31, 2008. Minority interest represents that share of the profits and losses of various subsidiaries which relates to the minority shareholders (shareholders other than the Company) in various subsidiaries of the Company. The consolidated minority interest for the quarter has resulted in a loss of Rs. 8.75 crore (as against the profit of Rs. 15.54 crore for the previous quarter) due to higher share of minority shareholders’ loss in GHIAL as compared to their share of profits in other subsidiaries. The holding of minority shareholders also has gone down in GMR Tambaram Tindivanam Expressways Private Limited (GTTEPL) and GMR Tuni Anakapalli Expressways Private Limited (GTAEPL), being two subsidiary companies in the Roads Sector, from 50.99% to 39.23% due to restructuring of the minority shareholding in these two companies during the quarter.

Risks and concerns

The Company’s business, results of operations and financial condition are affected by a number of factors such as:

- **Macroeconomic risk factors:** In May 2008, we took possession of the SGIA airport in Turkey. Till then, all our revenue-generating assets were in India. With SGIA, we have partly hedged the country-specific macroeconomic risks. All our airport projects, including SGIA, which contribute to less than 40 per cent of our total revenue, have market-driven revenues, exposing us to macroeconomic risks of respective countries. Geographical diversification is a step to mitigate the risk. We believe that despite recent economic setbacks, led by rise in crude prices and inflation, long-term economic growth prospects for both India and Turkey are good. We are looking forward to have more international projects to counter this risk, besides achieving other strategic goals. However, contribution of projects in India in our overall revenue would continue to be quite high and hence macroeconomic factors in India will have significant impact on our operating performances.

- **Fuel availability and price:** We are insulated from fuel price risk as our existing PPAs entitle us to get reimbursed for our fuel costs based on certain agreed parameters and for our operating power plants. If fuel prices rise beyond these parameters, then our projects could be affected. If our existing PPAs expire, then our earnings could be adversely impacted to different extents due to higher cost of fuel. Such adversities could happen only to projects, which are not to be transferred to the procurers after the PPA expiry. For projects that do not get transferred to procurers beyond the PPA expiry, we could either enter into fresh PPAs with new procurers or re-negotiate the existing PPAs to extend their tenure or use the existing plants to service the merchant market where high fuel prices can be passed on as higher tariffs but with lower off-take. We are currently evaluating other fuel options, including the use of alternate fuels. However, the availability and prices of fuel would be reviewed again.

With fuel supply becoming increasingly critical, fierce competition for securing fuel supplies is expected. The Company is, therefore, aiming to secure captive fuel sources to focus on projects with secured fuel supply. As a part of this strategy, we are already developing several hydro projects across the country and in neighbouring countries. We have also secured captive supply for our coal-based projects in Orissa and efforts are underway to secure it for other coal-based projects as well. These efforts include tying up of captive coal supply from international markets. We have already secured a stake in a coal mining company in South Africa.

- **Demand and price risk:** We are developing merchant hydro power projects. We need to secure market for these. This exposes us to demand and price risk on these projects. We are evaluating various approaches, including a portfolio approach, which is a combination of long and short-term contracts. We plan to mitigate the risk by entering into contracts with creditworthy buyers.

- **Income tax:** Except DIAL, each of our subsidiaries that has developed or is developing an infrastructure project has been granted a 10-year tax concession by the government. During the concession period these subsidiaries are subject to the minimum alternate tax rate, instead of the normal income tax rate (currently 30% with applicable surcharges). Additionally, the relevant subsidiary has the option to decide on the commencement date of the 10-year tax concession. However, if the above policy or the rates of income tax for our roads and airports businesses change, our results of operations would be impacted.

Currently, the income tax amount does not affect the financial performance of GMR Power Corporation Pvt. Ltd. as under the power purchase agreements for the Chennai power plant, income tax (excluding tax on any other income) is reimbursed by the purchaser.

- **Investment risk in various new projects:** We are developing/executing a number of new projects involving huge investments. We have plans to get into international projects as well, which will call for an overall investment of around Rs. 40,000 crore over the next three-five years. We are exposed to huge risk on this account. However, with efficient project management, it can be addressed. If we are able to save on cost or if we complete these projects ahead of schedule, then it would improve our financial condition and earnings and otherwise vice-versa.

- **Credit risk:** We have got diverse operating revenue sources i.e. from general public, airlines, service providers at Delhi and Hyderabad airports as well as from customers in the public sector. The payment obligations of customers from the public sector are secured either by collateral or, as in the case of the Chennai power plants, is supported by guarantees issued by the relevant state governments. However, we need to develop creditable models for revenue from other sources to ensure the credit worthiness of our customers to avoid any credit risk. Superior product design and delivery, brand building and other similar exercises would be done to attract and retain customers.

Quantitative and qualitative disclosure about market risk

Market risk is the risk of losses arising out of adverse developments in market such as changes in price, interest rate and in foreign exchange rates and its implications on various financial instruments held by the firm. Like other firms, we are exposed to various types of market risks in the normal course of business. Some of these risks are discussed as under:

Interest rate risk

GIL is exposed to the market risk arising out of fluctuations in interest rates, especially in the refinancing of short-term loans. Increase in interest rates would also affect us adversely in servicing long-term debts and hence in financing development of new projects. This could, in turn, adversely affect our operating results. However, our Chennai power plant is insulated from this risk as our Power Purchase Agreement with the Tamil Nadu Electricity Board covers all interest payments made by us for loans against this project.

Foreign currency exchange rate risk

The main currency of transaction for GIL is Indian rupees, i.e. INR. On the revenue side, we have got very limited direct exposure to foreign exchange fluctuations. However, these changes would result in change in the price of imported goods and professional services that we purchase from our suppliers and foreign companies. Additionally, it would also affect our foreign currency loan liabilities, the quantum of which is approximately USD 180 mn. In terms of business areas, we are not exposed to foreign currency exchange rate risk in our road business. In airport business, GHIAL has an external commercial borrowing of USD 125 mn. Our exposure to foreign currency exchange rate risk is minimal in the energy business as our customers are required to reimburse us for any foreign exchange fluctuations. We are exposed to foreign currency exchange rate risk between the time we incur the foreign currency expense and the time we invoice our customers. In addition, we are exposed to foreign currency exchange rate risk under our operation and maintenance agreement with General Electric, Hyundai Heavy Industries Company Limited and Korea Plant Service and Engineering Company Limited as pursuant to agreement, where we are required to pay a portion of these companies' compensation in US dollars.

Commodities risk

Commodities risk, arising out of fluctuation in price of fuels in energy business, is mitigated by our Power Purchase Agreements, whereby our customers are supposed to reimburse us for such fluctuations. We counter the commodities risk in construction materials by entering into fixed or guaranteed maximum price contracts with independent construction companies. These contracts usually cover both the supply of the building materials as well as the construction of the project for a construction period of one to three years. However, if the price of the building materials increases significantly prior to our entering into a fixed or guaranteed maximum price construction contract, we may be required to pay more to prospective contractors for projects in future.

Internal control systems and their adequacy

The Company has in place adequate systems of internal control. It has documented procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining proper accounting controls, monitoring of operations, protecting assets from unauthorised use or losses, compliances with regulations and for ensuring reliability of financial reporting. The Company has continued its efforts to align all its processes and controls with best practices in these areas as well. Some significant features of the internal control systems include the following:

- Delegation of power with authority limits for incurring capital and revenue expenditure;
- Corporate policies on accounting and major processes;
- Well-defined processes for formulating and reviewing annual and long-term business plans;
- Preparation and monitoring of annual budgets for all operating and service functions;
- A well-established multi-disciplinary internal audit team, which reviews and reports to the management and the Audit Committee about the compliance with internal controls and the efficiency and effectiveness of operations and key process risks.
- Audit Committees of the Boards of Directors regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with the Accounting Standards as well as reasons for changes in accounting policies and practices, if any.
- Documentation of major business processes, including financial closing, computer controls, entity-level controls and testing of key controls as a part of compliance to applicable rules and regulations.
- Identifying and mitigating key business risks through an Enterprise Risk Management programme.

Developments in human resources and organisation development at GMR Group

It is our constant endeavour to attract and retain the best talent from across the globe so that our human capital continues to unfold in pace with the explosive growth of opportunities in infrastructure.

With a growing manpower and expanding geographies - both within as well as outside the country - the need to bolster the process infrastructure of HR management can hardly be overemphasised. With the completion of Phase I of the human resources module implementation in SAP, we are fast moving towards automation and integration of all transactional HR processes which will increase the speed of delivery and enable employee self-service. Talent acquisition continues to be a focus area and offering challenging job opportunities, strong values and beliefs and a supportive work culture contribute to GMR's standing as an employer of choice in this sector.

As new business challenges emerge, there is a need to continue to be a learning organisation

With the completion of Phase I of the human resources module implementation in SAP, we are fast moving towards automation and integration of all transactional HR processes which will increase the speed of delivery and enable employee self-service. Talent acquisition continues to be a focus area and offering challenging job opportunities, strong values and beliefs and a supportive work culture contribute to GMR's standing as an employer of choice in this sector.

An essential and significant component of organisation development is the facilitation of a vibrant work culture. Our staff members have a strong sense of pride and belonging to the organisation and this intangible asset will continue to be fostered with vigour. For us at GMR Group, our seven core values are credible, visible and central to building an institution in perpetuity.

that supports operational excellence, continuous improvement and rising standards of performance at all levels. Towards this, we have recently revisited our existing HR policies to accentuate performance-linked rewards and professional growth. An ongoing initiative is in place to ensure SMART goal setting and performance management across levels and businesses, in line with the existing systematic business planning and comprehensive review processes. We will track employee engagement levels and continue to ensure platforms for employee communication, including employee round tables and speak up mechanisms.

As a partner, the HR function supports the business to ensure business continuity through talent management. Leadership development, career dialogues, talent reviews and succession planning processes are in various stages of maturity and will ensure a steady supply of business leaders to take up critical top management positions over the next three-five years. All emerging leaders of the organisation are also being put through Development Centres (DCs) and individual development plans are being prepared. To further augment this initiative, we are setting up a world-class Management Development Centre in Bangalore.

An essential and significant component of organisation development is the facilitation of a vibrant work culture. Our staff members have a strong sense of pride and belonging to the organisation and this intangible asset will continue to be fostered with vigour. For us at GMR Group, our seven core values are credible, visible and central to building an institution in perpetuity. Our focus is now on ensuring that all new members of the GMR family are quickly assimilated into the organisation by imbibing the core values.

Corporate Social Responsibility

GMR Varalakshmi Foundation (GMRVF) is the corporate social responsibility arm of the GMR Group. GMRVF aims to contribute to this objective by focusing on health, hygiene, sanitation, drinking water supply, empowerment of backward or underprivileged groups, education and community development services to enhance employment and incomes among rural people. Detailed report on the activities of GMR Varalakshmi Foundation is provided separately in the annual report.

Forward looking statements

This report contains forward looking statements, which may be identified by their use of words like ‘plans’, ‘expects’, ‘will’, ‘anticipates’, ‘believes’, ‘intends’, ‘projects’, ‘estimates’, or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company’s strategy for growth, market position, expenditures and financial results, are forward looking statements. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised.

The Company’s actual results, performance or achievements could thus materially differ from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Consolidated Financial Statements

Auditors' Report to the Board of Directors of GMR Infrastructure Limited

To
The Board of Directors
GMR Infrastructure Limited
Skip House, 25/1 Museum Road, Bangalore 560 025

Dear Sirs,

1. We have audited the attached Consolidated Balance Sheet of GMR Infrastructure Limited ('the Company') and its subsidiaries and associate (collectively referred to as 'the Group') as at March 31, 2008, the Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year ended on that date, annexed there to, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of the management of the Company and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 1,832.39 crore and total revenues of Rs. 228.66 crore for the year ended on that date, and net cash outflows of Rs. 15.43 crore for the year ended on that date. Further, we did not audit the financial statements of associates whose financial statements reflect the consolidated entities' share of profits of Rs. 0.01 crore for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of such subsidiaries and associate, is based solely on the report of the other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements' and Accounting Standard 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' as referred to in sub - section (3C) of Section 211 of the Companies Act, 1956 and on the basis of the separate audited financial statements of the Company and its subsidiaries and an associate included in the Consolidated Financial Statements.

5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid subsidiaries and associate, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2008;

   b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended March 31, 2008; and

   c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended March 31, 2008.

Sd/-
P. Ram Krishna
Partner
Membership Number 22795

For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Bangalore
Date: May 21 2008

Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	Schedules No.		As at March 31, 2008		As at March 31, 2007
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	364.13		331.07	
b) Reserves and Surplus	2	5,753.07	6,117.20	1,661.22	1,992.29
2. Minority Interest			1,112.60		526.08
3. Loan Funds					
a) Secured Loans	3	6,843.83		3,021.96	
b) Unsecured Loans	4	1,133.10	7,976.93	683.72	3,705.68
4. Deferred Tax Liabilities			42.50		14.45
Total			**15,249.23**		**6,238.50**
II. APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	5	6,691.72		4,140.61	
b) Less: Depreciation		1,421.81		1,240.65	
c) Net Block		5,269.91		2,899.96	
d) Capital Work-in-Progress (including capital advances)		3,679.57	8,949.48	1,423.18	4,323.14
2. Expenditure during construction period, pending allocation (net)	6		843.17		482.80
3. Investments	7		4,899.59		262.42
4. Current Assets, Loans and Advances					
a) Inventories	8	38.03		30.41	
b) Sundry Debtors	9	411.59		386.02	
c) Cash and Bank Balances	10	894.49		1,300.04	
d) Other Current Assets	11	5.84		13.72	
e) Loans and Advances	12	573.09		187.07	
		1,923.04		1,917.26	
Less: Current Liabilities and Provisions	13				
a) Liabilities		1,277.89		662.66	
b) Provisions		88.16		84.46	
		1,366.05		747.12	
Net Current Assets			556.99		1,170.14
Total			**15,249.23**		**6,238.50**
Significant Accounting Policies and Notes to the Consolidated Accounts	19				

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.

This is the Consolidated Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

P. Rama Krishna
Partner
Membership Number 22795
For and on behalf of
Price Waterhouse
Chartered Accountants

G.M.Rao
Executive Chairman

G. B. S Raju
Managing Director & Group CFO

A. S. Cherukupalli
Company Secretary

Place : Bangalore
Date : May 21, 2008

Consolidated Profit and Loss Account for the year ended March 31, 2008

(Rs. in Crore)

		Schedules No.	Year ended March 31, 2008	Year ended March 31, 2007
I.	INCOME			
	Sales and Operating Income	14	2,697.91	1,968.72
	Less: Revenue share paid/payable to concessionaire grantors		403.13	271.98
			2,294.78	1,696.74
	Other Income	15	69.75	18.33
	Net Income		**2,364.53**	**1,715.07**
II.	EXPENDITURE			
	Generation and Operating Expenses	16	1,229.67	884.40
	Administration and Other Expenses	17	466.61	268.66
	Interest and Finance Charges	18	168.71	144.14
	Depreciation		178.51	134.56
			2,043.50	**1,431.76**
III.	**Profit Before Taxation and before Minority Interest/Share of profits of Associate**		**321.03**	**283.31**
	Provision for Taxation			
	- Current		35.31	28.77
	- Less: MAT Credit availed		9.26	4.65
	- Deferred		28.04	14.27
	- Fringe Benefit		4.29	3.15
IV.	**Profit after Taxation and before Minority Interest/Share of profits of Associate**		**262.65**	**241.77**
	Minority Interest		52.57	67.34
V.	**Net Profit after Minority Interest/Share of profits of Associate**		**210.08**	**174.43**
	Surplus brought forward		308.61	117.46
VI.	**Amount available for appropriation**		**518.69**	**291.89**
	Appropriations:			
	Transfer (from)/to Debenture Redemption Reserve		(5.14)	(18.61)
	Transfer (from)/to Goodwill/Capital Reserve on acquisitions - (net)		-	(0.44)
	Dividend Distribution Tax		0.13	2.33
VII.	**Available Surplus carried to Balance Sheet**		**523.70**	**308.61**
	Earnings Per Share (Rs.) - Basic and Diluted		1.23	1.11
	Statement on significant Accounting Policies and Notes to the Consolidated Accounts	19		

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

This is the Consolidated Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

P. Rama Krishna
Partner
Membership Number 22795
For and on behalf of
Price Waterhouse
Chartered Accountants

G.M.Rao
Executive Chairman

G. B. S Raju
Managing Director & Group CFO

A. S. Cherukupalli
Company Secretary

Place : Bangalore
Date : May 21, 2008

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 1 CAPITAL		
Authorised		
3,750,000,000 (2007: 400,000,000) Equity shares of Rs. 2 (2007: Rs. 10) each	750.00	400.00
	750.00	**400.00**
Issued, Subscribed and Paid Up		
1,820,658,088 (2007: 331,084,000) Equity Shares of Rs. 2 (2007: Rs. 10) each fully paid-up	364.13	331.08
Notes:		
Of the above,		
i) 528,873,615 equity shares of Rs. 2 each (2007: 105,774,723 equity shares of Rs. 10 each) fully paid-up were allotted during the year ended March 31, 2006, by way of bonus shares by capitalising free reserves of the company.		
ii) 1,333,613,610 equity shares of Rs. 2 each (2007: 266,722,722 equity shares of Rs. 10 each) fully paid-up are held by the holding company GMR Holdings Private Limited.		
	364.13	**331.08**
Less: Calls unpaid (2008: Rs. 11,625 ; 2007: Rs. 50,125)	0.00	0.01
Total	**364.13**	**331.07**
Refer Note 4 (xiv) (c) of Schedule 19 on sub-division of equity shares of the company carrying a face value of Rs. 10 each into 5 equity shares of Rs. 2 each during the year ended March 31, 2008.		

SCHEDULE 2 RESERVES AND SURPLUS		
Capital Reserve on consolidation		
As at the commencement of the year	125.69	144.79
Add: Additions for the year	12.17	-
Less: Reduction on account of acquisition	-	19.10
	137.86	**125.69**
Securities Premium Account		
At the commencement of the year	1,201.78	-
Add: Received/Receivable towards public issue / QIP of equity shares	3,932.72	1,272.52
(Refer Note 4 (iii) (A), (B) and (C) of Schedule 19)		
Less: Utilised towards share issue expenses	63.68	70.67
Less : Calls Unpaid	-	0.07
	5,070.82	**1,201.78**
Debenture Redemption Reserve		
At the commencement of the year	25.14	43.75
Less: Transfer to Profit and Loss Account	(5.14)	(18.61)
	20.00	**25.14**
Foreign Currency Translation Reserve	**0.18**	**-**
Balance in Profit and Loss Account	**523.70**	**308.61**
Add: Adjustment for Gratuity/Leave Encashment in terms of transitional adjustment of AS 15 Revised. (Refer note 4 (xii) of schedule 19)	0.51	-
	524.21	**308.61**
Total	**5,753.07**	**1,661.22**

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 3 SECURED LOANS		
Debentures		
i) Nil (2007: 185,000) Secured Redeemable Non-Convertible Debentures of Rs. 100 each	-	0.93
ii) Nil (2007: 300,000) Secured Redeemable Non-Convertible Debentures of Rs. 100 each	-	3.00
iii) Nil (2007:162,500) Secured Redeemable Non-Convertible Debentures of Rs. 100 each	-	1.63
[The above debentures (i) to (iii) are secured, on pari passu basis, by the first charge through hypothecation of all movable and immovable properties of the Company, both present and future, pledge of equity shares of the Company held by promoter shareholders and their associates.]		
iv) 800 (2007 - 950) Secured Redeemable Non-Convertible Debentures of Rs. 1,000,000 each (These debentures bear interest at the rate of 9.81% per annum (8.91% up to September 30, 2006).	80.00	95.00
Term Loans		
Rupee loans		
From Financial Institutions	891.83	352.15
From Banks	5,024.90	1,972.30
From Others	43.14	-
Interest accrued and due	0.87	0.03
Foreign currency loans		
From Financial Institutions	61.97	102.44
From Banks	614.28	151.53
(Out of the above, Rupee Term Loan amounting to Rs. 275 (2007 - Rs. Nil) is secured by pledge of 8,308,870 paid up equity shares of Rs. 2 each of GMR Infrastructure Limited, held by GMR Holdings Private Limited and by way of guarantee issued by GMR Holdings Private Limited, the holding company.		
(Rupee term loans of subsidiary companies under Roads segment amounting to Rs. 1,766.71 (2007 : Rs. 1,015.65) are secured by way of pari passu first charge over the respective companies moveable properties, both present and future, including plant and machinery. Further secured by the rights, title, interest, benefit, claims, of the respective companies in respect of the project agreements executed/to be executed, insurance policies both present and future, and all rights, title, interest, benefit, claims, demands of the company in respect of monies lying to the credit of trust and retention account and other accounts. These loans are further secured by way of pledge of equity shares of 76,372,477 and 22,258,258 of the respective companies held by their holding company and its subsidiary companies)		
(Rupee and Foreign currency term loans of subsidiary companies under power sector amounting to Rs. 892.86 (2007 : Rs. 1,021.16) are secured/to be secured by way of joint equitable mortgage by deposit of the title deeds of the leasehold land/buildings and by way of first pari passu first charge over freehold land of the respective companies and are also secured by pari-passu first charge on the respective companies movable assets, immovable assets and other assets, both present and future and further secured by right, title, interest, benefits, claims and demands of the respective companies in respect of the project agreements, executed/to be executed, insurance policies both present and future and all right, title, interest, benefits, claims and demands of the respective companies in respect of monies lying to the credit of trust and retention account and other accounts. Further secured by personal guarantees by some of the Directors of the above subsidiary companies and by pledge of 255,061,861 shares of these subsidiary companies held by their holding companies)		
(Term loans of subsidiaries under Airport Segment amounting to Rs. 3,611.53 (2007: 536.68) are secured/ to be secured by mortgage of Leasehold right, title, interest and benefit in respect of Leasehold Land and first charge on all movable and immovable assets, operating cash flows, book debts, receivables, intangibles and revenues, both present and future, as well as assignment of all right, title, interest, benefits, claims and demands available under the concession agreement and other project documents, security interest in the Trust and Retention Account, Debt Service Reserve Account and further in case one		

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 3 SECURED LOANS (Contd.)		
such subsidiary, secured by pledge of certain equity shares, both present and future, held or to be held, as the case may be, by both, the holding company and another shareholder)		
(Term loans of subsidiaries under Others segment amounting to Rs. 90 (2007: Rs. Nil) are secured by way of hypothecation of Aircraft)		
Short Term Loans		
Cash Credit, Demand Loans and Working Capital Loans from Banks	12.72	70.29
(secured by hypothecation of stocks and book debt, both present and future, and further secured by creation of a joint mortgage by deposit of title deeds in respect of immovable properties together with all plant and machinery attached to the earth).		
Bills Discounted	-	196.04
(The facilities of a subsidiary under Energy Segment are secured against letters of credit issued by Canara Bank, Bank of India, Bank of Baroda and Andhra Bank)		
Bank Overdraft	114.12	76.62
(The facilities of the Company are secured by pledge of 2,850,000 fully paid-up equity shares of Rs.10 each of GMR Industries Limited, held by GMR Holdings Private Limited and by way of Guarantee issued by GMR Holdings Private Limited).		
Total	**6,843.83**	**3,021.96**

SCHEDULE 4 UNSECURED LOANS		
Short Term		
From Banks	576.95	160.97
From Others	26.00	1.30
Other than Short Term		
From Banks	131.10	141.10
Interest free loan from Government of Andhra Pradesh	315.05	315.00
Deposit from Concessionaires	23.00	7.50
From Others	61.00	57.85
Total	**1,133.10**	**683.72**

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

SCHEDULE 5 FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	As at March 31, 2007	Additions	Adjustments/ Withdrawals	As at March 31, 2008	As at March 31, 2007	For the year	On Withdrawals	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
Goodwill on Consolidation	373.09	15.43	-	388.52	-	-	-	-	388.52	373.09
Tangible Assets										
Land	13.80	0.29	-	14.09	-	-	-	-	14.09	13.80
Runways & Others	-	534.89	-	534.89		0.40	-	0.40	534.49	-
Buildings	233.39	857.20	0.70	1,089.89	42.40	13.51	-	55.91	1,033.98	190.99
Plant and Machinery	2,621.38	495.71	1.12	3,115.97	1,080.15	105.33	-	1,185.48	1,930.49	1,541.23
Office Equipment	28.96	340.38	0.44	368.90	5.95	6.08	0.13	11.90	357.00	23.01
Capitalised Software	1.43	2.84	-	4.27	0.58	0.18	-	0.76	3.51	0.85
Leasehold Improvements	2.20	99.06	-	101.26	0.71	0.04	-	0.75	100.51	1.49
Furniture and Fixtures	9.27	40.19	0.73	48.73	2.78	2.36	0.06	5.08	43.65	6.49
Aircrafts / Vehicles	2.99	149.09	0.19	151.89	0.73	5.97	0.07	6.63	145.26	2.26
Intangible Assets										
Carriage Ways	658.59	13.82	-	672.41	104.36	44.17	-	148.53	523.88	554.23
Airport Concessionaire Rights	195.51	-	-	195.51	2.99	3.26	-	6.25	189.26	192.52
Sub Total	**4,140.61**	**2,548.90**	**3.18**	**6,686.33**	**1,240.65**	**181.30**	**0.26**	**1,421.69**	**5,264.64**	**2,899.96**
Assets Taken on Lease										
Office Equipment	-	5.39	-	5.39	-	0.12	-	0.12	5.27	-
Sub Total	**-**	**5.39**	**-**	**5.39**	**-**	**0.12**	**-**	**0.12**	**5.27**	**-**
Grand Total	**4,140.61**	**2,554.29**	**3.18**	**6,691.72**	**1,240.65**	**181.42**	**0.26**	**1,421.81**	**5,269.91**	**2,899.96**
Capital work in progress (including capital advances)									3,679.57	1,423.18
Previous year	**2,455.89**	**1,724.43**	**39.71**	**4,140.61**	**1,105.12**	**136.89**	**1.36**	**1,240.65**	**2,899.96**	**-**

Notes:

1. Plant and Machinery is net of foreign exchange fluctuations capitalised Rs. 24.37 upto March 31, 2008 (2007 - Rs. 24.37)
2. Buildings with a gross book value of Rs. 1,006.70 (2007 - Rs. 109.51) are on leasehold land.
3. Depreciation for the year includes Rs. 2.91 (2007 : Rs. 2.33) relating to certain consolidated entities in the project stage which is included in Schedule 6.
4. Carriage Ways are mainly intangible assets, being the right to operate and maintain the highways on Build, Operate and Transfer basis.
5. Additions/Deletions and depreciation for the year include the effect of regrouping/reclassification of assets.
6. The capitalised software have useful lives ranging from 6-7 years. Amortisation of these assets is based on straight line method.

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

		As at March 31, 2008	As at March 31, 2007
SCHEDULE 6 EXPENDITURE DURING CONSTRUCTION PERIOD, PENDING ALLOCATION (NET)			
Expenditure during construction period, pending allocation (net)			
Fuel Cost (including transmission charges)		-	71.18
Operation and Maintenance		-	11.14
Salaries, allowances and benefits to employees		160.14	73.70
Contribution to provident fund and others		5.37	2.84
Staff welfare expenses		10.94	7.11
Rent		23.87	14.74
Repairs and Maintenance - Others		43.14	3.99
Rates and taxes		7.20	7.63
Insurance		8.05	12.69
Consultancy and professional charges		262.65	128.38
Director's Sitting Fees		0.18	0.17
Remuneration to auditors		0.69	0.55
Travelling and conveyance		81.09	41.61
Income Tax		1.11	1.70
Fringe Benefit Tax		5.85	2.65
Depreciation		6.58	3.67
Interest on fixed loans		263.10	119.62
Bank/ other finance charges		98.91	94.49
Loss on sale of fixed assets (net)		0.02	0.20
Miscellaneous expenses		108.60	59.53
Negative Grant [Refer Note 4 viii (B) of Schedule 19]		256.36	109.63
	(i)	**1,343.85**	**767.22**
Less: Other Income			
Sale of Power		-	10.28
Interest income (gross) [Tax deducted at source - Rs. 0.12 (2007: Rs. 0.32)]		3.09	4.83
Income from investments - Other than trade (gross) [Tax deducted at source - Rs. Nil (2007: Nil)]		27.13	12.00
Profit on sale of investments		0.17	0.19
Miscellaneous income		5.63	1.16
Rent Received - Land Sub Lease [Tax deducted at source - Rs. Nil (2007: Rs. 0.08)]		1.51	0.38
Gain/(Loss) on Exchange Fluctuations (Net)		1.65	(6.92)
	(ii)	39.18	21.92
Total Expenditure during construction period, pending allocation (net) - [(i) - (ii)]		**1,304.67**	**745.30**
Less: Apportioned over cost of Fixed Assets		434.87	257.79
Less: Charged to Profit and Loss Account		26.63	4.71
Total		**843.17**	**482.80**

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 7 INVESTMENTS		
Long term		
In shares of associate company		
(At cost plus share of profits based on equity accounting)		
GMR Highways Private Limited (25,000 (2007: 25,000) shares of Rs. 10 each)	0.03	0.03
Others		
In equity shares of Rs.10/- each, fully paid up		
Business India Publications Limited (5,000 (2007: 5,000) equity shares)	0.06	0.06
Homeland Mining & Energy SA Private Limited (1 (2007: Nil) Equity Share of Re. 1 each fully paid up)	11.89	-
Rampia Coal Mine and Energy Private Limited (5,217,430 (2007: Nil) Equity Shares of re. 1 each fully paid up)	0.50	-
Vemagiri Power Services Limited (5,000 (2007: 5,000) equity shares)	0.01	0.01
Ujjivan Financial Services Private Limited (5,000 (2007: 5,000) equity shares)	0.05	0.04
GMR Ferro Alloys Industries Limited (407,329 (2007: Nil Shares of Rs. 10/- each)	0.37	-
In Preference Shares of Rs. 10/- each fully paid up White Rose Finance Pvt. Ltd. (150,000 (2007:Nil) Preference Shares of Rs. 100/- each	1.50	-
(i)	**14.41**	**0.14**
Current		
Other than trade - unquoted*		
Mutual Funds		
Birla Sunlife Liquid Plus Fund (298,819,629 (2007: Nil) units of Rs. 10 per unit)	299.30	-
Birla Sunlife Interval Income Fund (50,396,318 (2007: Nil) units of Rs. 10 per unit)	50.40	-
Birla Sunlife Dynamic Bond Fund (71,256,199 (2007: Nil) units of Rs. 10 per unit)	75.00	-
Birla Sunlife Infrastructure Fund (4,953,793 (2007: Nil) units of Rs. 10 per unit)	6.46	-
DSP Merril Lynch Liquid Plus Fund (502,253 (2007: Nil) units of Rs. 1000 per unit)	50.26	-
DWS Money Plus Fund (54,017,581 (2007: Nil) units of Rs. 10 per unit)	54.06	-
HDFC Floating Rate Income Fund (52,008,282 (2007: Nil) units of Rs. 10 per unit)	52.43	-
HSBC Liquid Plus Fund (89,733,525 (2007: Nil) units of Rs. 10 per unit)	89.94	-
LIC Liquid Fund Daily Dividend (31,452,681 (2007: 2,770,668) units of Rs. 10 per unit)	31.59	3.04
Prudential ICICI Liquid Fund - Super Institutional Daily Dividend (557,297,607 (2007: 12,757,812) units of Rs. 10 per unit)	507.33	12.76

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 7 INVESTMENTS (Contd.)		
Prudential ICICI Inteval Fund - Quarterly Interval Plan (110,641,974 (2007: Nil) units of Rs. 10 per unit)	110.64	-
Prudential ICICI Fixed Maturity Plan (85,182,924 (2007: Nil) units of Rs. 10 per unit)	85.18	-
Prudential ICICI Flexible Income Plan (29,175,596 (2007: Nil) units of Rs. 10 per unit)	30.85	-
ING Vysya Liquid Fund (451,333,620 (2007: 1,049,314) units of Rs. 10 per unit)	549.27	1.05
ING Vysya Fixed Maturity Fund (25,000,000 (2007: Nil) units of Rs. 10 per unit)	25.00	-
ING Vysya Global Real Estate Fund (10,000,000 (2007: Nil) units of Rs. 10 per unit)	10.00	-
JM High Liquidity Fund (1,565,396 (2007: Nil) units of Rs. 10 per unit)	1.57	-
JM Money Manager Fund (50,658,756 (2007: Nil) units of Rs. 10 per unit)	50.68	-
JM Interval Fund - Quarterly Plan (50,000,000 (2007: Nil) units of Rs. 10 per unit)	50.00	-
Kotak Flexi Debt Fund (102,008,526 (2007: Nil) units of Rs. 10 per unit)	102.33	-
Kotak Liquid Fund (84,700,180 (2007: Nil) units of Rs. 10 per unit)	128.03	-
LIC Mutual Liquid Fund (83,973,128 (2007: 450,995) units of Rs. 10 per unit)	92.20	0.50
LIC Mutual Liquid Plus Fund (29,676,826 (2007: Nil) units of Rs. 10 per unit)	29.68	-
Lotus India Liquid Plus Fund (77,270,552 (2007: Nil) units of Rs. 10 per unit)	77.39	-
Principal Floating Rate Fund (98,742,856 (2007: Nil) units of Rs. 10 per unit)	98.87	-
Reliance Fixed Horizon Fund (50,000,000 (2007: Nil) units of Rs. 10 per unit)	50.00	-
Reliance Liquidity Fund (442,550 (2007: Nil) units of Rs. 1000 per unit)	44.30	-
Principal Fund - Fixed Maturity Plan (10,000,000 (2007: Nil) units of Rs. 10 per unit)	10.00	-
Reliance Liquid Fund - Daily Dividend Option (219,136,522 (2007: 8,559,934) units of Rs. 10 per unit)	224.15	8.56
Tata Dynamic Bond Fund (98,352,594 (2007: Nil) units of Rs. 10 per unit)	100.00	-
Tata Floater Fund (78,596,175 (2007: Nil) units of Rs. 10 per unit)	78.88	-
Tata Fixed Horizon Fund (25,000,000 (2007: Nil) units of Rs. 10 per unit)	25.19	-

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 7 INVESTMENTS (Contd.)		
Tata Liquid Super High Investment Fund (453,186 (2007: Nil) units of Rs. 1000 per unit)	50.51	-
DBS Chola Mutual Fund (Nil (2007: 5,090,850) units of Rs. 10 per unit)	-	5.00
UTI - Liquid Cash Plan Institutional - Daily Income Option (7,883,928 (2007: 14,316,492) units of Rs. 1,000 per unit)	971.64	1.46
UTI - Fixed Maturity Plan (125,206,873 (2007: Nil) units of Rs. 10 per unit)	125.20	-
UTI - Fixed Income Interval Fund (100,398,256 (2007: Nil) units of Rs. 10 per unit)	100.40	-
ABN Amro Flexible Short Term Plan - Quarterly Dividend (10,000,000 (2007: Nil) units of Rs. 10 per unit)	10.00	-
ABN Amro Interval Fund - Quarterly plan H Interval Dividend (30,000,000 (2007: Nil) units of Rs. 10 per unit)	30.00	-
Standard Chartered Fixed Maturity Plan (10,270,940 (2007: Nil) units of Rs. 10 per unit)	10.27	-
SBI Liquid Fund (174,502,798 (2007: Nil) units of Rs. 10 per unit)	175.08	-
Principal cash Management Liquid Fund (25,873,606 (2007: Nil) units of Rs. 10 per unit)	25.88	-
AIG India Liquid Fund (549,946 (2007: Nil) units of Rs. 1000 per unit)	55.04	-
Principal Mutual Fund (Nil (2007: 3,511,454) units of Rs. 10 per unit)	-	3.51
Reliance Liquidity Fund (Nil (2007: 31,753,572) units of Rs. 10 per unit)	-	31.77
Reliance Fixed Horizon Fund - Annual Plan # (Nil (2007: 15,000,000) units of Rs. 10 per unit)	-	15.00
UTI Liquid cash Fund # (Nil (2007: 128,073) units of Rs. 1000 per unit)	-	13.06
UTI Liquid Plus Fund Institutional Plan (689,125 (2007: Nil) units of Rs. 1000 per unit)	68.93	
Lotus India FMP (Nil (2007: 5,000,000) units of Rs. 10 per unit)	-	5.00
Principal Cash Management Liquid Fund - Institutional Premium Daily Dividend (Nil (2007: 19,104,702) units of Rs. 10 per unit)	-	19.11
ING Vysya Liquid Fund Institutional Daily Dividend # (Nil (2007: 12,737,289) units of Rs. 10 per unit)	-	12.75
DBS Chola Short Term Floating Rate Fund - Daily Dividend (Nil (2007: 6,599,526) units of Rs. 10 per unit)	-	6.62

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

		As at March 31, 2008	As at March 31, 2007
SCHEDULE 7 INVESTMENTS (Contd.)			
Standard Chartered Liquidity Manager Plus Daily Dividend (Nil (2007: 5,299) units of Rs. 1000 per unit)		-	0.53
ICICI Prudential - Daily Dividend Scheme (Nil (2007: 9,753,918) units of Rs. 10 per unit)		-	9.75
ING Vysya Mutual Fund (AAA rating) - Daily Dividend Scheme (6,137,941 (2007: 6,137,941) units of Rs. 10 per unit)		-	6.21
ING Vysya Mutual Fund - Daily Dividend Scheme (Nil (2007: 356,147) units of Rs. 10 per unit)		-	0.36
ING Vysya Liquid Fund Super Institutional - Daily Dividend Option (Nil (2007: 10,729,495) units of Rs.10 per unit)		-	10.74
ICICI Prudential Fund Daily Dividend Option (1,680,722.83 (2007: 1,680,723) units of Rs. 10 per unit)		-	1.68
Chola Mutual Fund - Liquid Institutional Dividend Reinvestment Plan		-	1.61
(Nil (2007: 1,609,317) units of Rs. 10 per unit)			
Bonds:			
8.20% 2007 Housing Urban Development Corporation Bonds (Nil (2007: 100) Bonds of Rs. 1,000,000 each)		-	10.00
9.20% Central bank of India Bonds (50 (2007: Nil) Bonds of Rs. 1,000,000 each)		5.00	-
8.95% Central bank of India Bonds (100 (2007: 100) Bonds of Rs. 1,000,000 each)		10.00	10.15
7.45% State Bank of India Bonds # (Nil (2007: 100) Bonds of Rs. 1,000,000 each)		-	9.84
7.1% Power Grid Corporation of India Limited Bonds # (Nil (2007: 50) Bonds of Rs. 1,000,000 each)		-	4.51
	(ii)	4,828.93	204.57
Other than Trade - Quoted			
Government Securities**			
6.35% Government of India 2020 (1,500,000 (2007: 1,500,000) units of Rs. 100 per unit)		13.01	12.90
6.05% Government of India 2019 (500,000 (2007: 500,000) units of Rs. 100 per unit)		4.26	4.21
5.59% Government of India 2016 1 (2007: 1) unit of Rs. 10.00 crore per unit)		8.83	8.83
7.38% Government of India 2015 (1 (2007: 1) unit of Rs. 10.00 crore per unit)		10.45	10.45
7.46% Government of India 2017 (5 (2007: 4) unit of Rs. 1.00 crore per unit)		4.91	4.88
	(iii)	41.46	41.27
Equity Shares***			
Akruthi Nirman Limited (Nil (2007: 2,918) shares of Rs. 10 each fully paid up)		-	0.12
Akruthi city Limited (5,000 (2007: Nil) shares of Rs. 10 each fully paid up)		0.39	-

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 7 INVESTMENTS (Contd.)		
Andhra Bank (Nil (2007: 129,765) shares of Rs. 10 each,fully paid up)	-	0.99
Aban Offshore Limited (Nil (2007: 1,500) shares of Rs. 2 each fully paid up)	-	0.23
Development Credit Bank Limited (15,000 (2007: Nil) shares of Rs. 10 each fully paid up)	0.13	-
Edelweiss Securities Limited (8,000 (2007: Nil) shares of Rs. 10 each fully paid up)	0.66	-
Eimco Elecon (India) limited (Nil (2007: 84,972) shares of Rs. 10 each fully paid up)	-	2.44
Federal Bank Limited (950 (2007: 950) shares of Rs. 10 each, fully paid up)	0.04	0.04
GMR Industries Limited (Nil (2007: 1,071,920) shares of Rs. 10 each, fully paid up)	-	0.98
ING Vysya Bank Limited (282,810 (2007: 282,810) shares of Rs. 10 each, fully paid up)	2.56	2.56
ICRA Limited (10,000 (2007: Nil) shares of Rs. 10 each, fully paid up)	0.66	-
Karur Vysya Bank Limited (80,000 (2007: 794,735) shares of Rs. 10 each, fully paid up)	1.24	4.89
Kasturi Foods Limited (15,000 (2007: 15,000) shares of Rs. 10 each, fully paid up)	0.02	0.02
Kotak Bank Limited (5,000 (2007: Nil) shares of Rs. 10 each, fully paid up)	0.31	-
Power Finance Corporation Limited (Nil (2007: 14,248) shares of Rs. 10 each fully paid up)	-	0.12
Patel Engineering limited (Nil (2007: 1,500) shares of Re. 1 each fully paid up)	-	0.06
Ramco Industries Limited (21,221 (2007: 33,376) shares of Rs. 10 each fully paid up)	1.56	2.60
Ramco Systems Limited (Nil (2007: 52,812) shares of Rs.10 each, fully paid up)	-	0.68
Reliance Communications Limited (Nil (2007: 1,445) shares of Rs. 5 each fully paid up)	-	0.06
Suraj Diamonds Limited (50,000 (2007: Nil) shares of Rs. 10 each, fully paid up)	0.30	
Tanla Solutions Private Limited (Nil (2007: 13,816) shares of Rs. 2 each fully paid up)	-	0.37
Tata Steel Limited (Nil (2007: 4,500) shares of Rs. 10 each fully paid up)	-	0.20
The Karnataka Bank Limited (Nil (2007: 23,000) shares of Rs. 10 each fully paid up)	-	0.37
Tech Mahindra Limited (Nil (2007: 1,000) shares of Rs. 10 each, fully paid up)	-	0.14
Transformers & Rectifiers Limited (500 (2007: Nil) shares of Rs. 10 each, fully paid up)	0.02	-

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

		As at March 31, 2008	As at March 31, 2007
SCHEDULE 7 INVESTMENTS (Contd.)			
Webel-SI-Energy Systems Limited (16,042 (2007: 1,111) shares of Rs.10 each, fully paid up)		0.40	0.04
AIA Engineering Limited [2,442 (2007: Nil) shares of Rs.10 each, fully paid up]		0.37	-
BASF India Limited [13,462(2007: Nil) shares of Rs.10 each, fully paid up]		0.26	-
Bharath Earth Movers Limited [3,916 (2007: Nil) shares of Rs.10 each, fully paid up]		0.39	-
Container Corporation of India Limited [2,301 (2007: Nil) shares of Rs.10 each, fully paid up]		0.40	-
Coromandel Fertilisers Limited [24,952 (2007: Nil) shares of Rs.2 each, fully paid up]		0.29	-
Crompton Greaves Limited [12,084 (2007: Nil) shares of Rs.2 each, fully paid up]		0.33	-
Gammon India Limited [9,404 (2007: Nil) shares of Rs.2 each, fully paid up]		0.36	-
Great Offshore Limited [4,666 (2007: Nil) shares of Rs.10 each, fully paid up]		0.30	-
HDFC Limited [2,114 (2007: Nil) shares of Rs.10 each, fully paid up]		0.50	-
Hindustan Dorr Oliver Limited [27,826 (2007: Nil) shares of Rs.2 each, fully paid up]		0.26	-
ICICI Bank Limited [5,665 (2007: Nil) shares of Rs.10 each, fully paid up]		0.44	-
KEC International Limited [4,128 (2007: Nil) shares of Rs.10 each, fully paid up]		0.27	-
Larsen and Tourbro Limited [2,350 (2007: Nil) shares of Rs.2 each, fully paid up]		0.71	-
Moser Baer (I) Limited [14,153(2007: Nil) shares of Rs.10 each, fully paid up]		0.22	-
Navin Flourine International Limited [12,369 (2007: Nil) shares of Rs.10 each, fully paid up]		0.27	-
Reliance Industries Limited [2,863 (2007: Nil) shares of Rs.10 each, fully paid up]		0.65	-
Reliance Energy Limtied [2,259 (2007: Nil) shares of Rs.10 each, fully paid up]		0.28	-
Welspun Gujrat Stahl Rohren Limited [7,354 (2007: Nil) shares of Rs.5 each, fully paid up]		0.28	-
Less: Provision for diminution in the value of Investments		(0.47)	(0.47)
	(iv)	**14.40**	**16.44**
Other than Trade -Un Quoted			
Equity Shares			
Sai Rayalaseema Paper Mills Limited [323,210 (2007: Nil) shares of Rs.10 each, fully paid up]		0.39	-
	(v)	**0.39**	**-**
Total	(i)+(ii)+(iii)+(iv)+(v)	**4,899.59**	**262.42**

Notes:

* Aggregate Net Asset Value of Mutual Funds and Bonds - Rs. 4,830.42 (2007: Rs. 204.97)

** Aggregate Market value of Government securities - Rs. 41.46 (2007: Rs. 41.27)

*** Aggregate Market Value of short term quoted equity shares - Rs. 14.40 (2007: Rs. 49.58)

These investments include Rs. Nil (2007: Rs. 40.59), representing balance of unutilised moneies out of IPO.

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 8 INVENTORIES		
Stores and spares	14.62	15.52
Raw Materials	23.41	14.89
Total	**38.03**	**30.41**

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 9 SUNDRY DEBTORS (Trade, Unless Otherwise Stated)		
Debts outstanding for a period exceeding six months:		
Secured - considered good	52.28	21.39
Secured - considered doubtful	20.95	22.26
Less Provision for doubtful debts	20.95	22.26
	52.28	21.39
Unsecured - considered good	0.72	6.42
	53.00	**27.81**
Other debts:		
Secured - considered good	139.07	195.58
Secured - considered doubtful	14.66	1.98
Less Provision for doubtful debts	14.66	1.98
	139.07	**195.58**
Unsecured - considered good*	213.63	137.53
Unsecured - other than trade - considered good	5.89	25.10
Total	**411.59**	**386.02**

* includes unbilled revenue amounting to Rs. 187.32 (2007 - Rs. 79.20)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 10 CASH AND BANK BALANCES		
Cash and Cheques on hand	0.29	0.32
Balances with scheduled banks		
- On Current Account - Balance of unutilised monies raised by way of IPO	0.02	0.30
- On Current accounts - others	297.19	45.98
- On Deposit Accounts - Balance of unutilised monies raised by way of IPO	-	250.00
- On Deposit accounts - others	557.14	986.89
- On Margin Money*	39.85	16.55
Total	**894.49**	**1,300.04**

* includes Rs. 6.54 (2007: Rs. 6.54) out of balance of unutilised monies raised by way of IPO

The margin money deposits are towards letters of credit and Bank Guarantees issued by the bankers on behalf of the Company.

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 11 CURRENT ASSETS (Unsecured and Considered Good)		
Interest accrued but not due on deposits	5.21	9.12
Claims receivable	0.59	4.56
Grant receivable from authorities	0.04	0.04
Total	**5.84**	**13.72**

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 12 LOANS AND ADVANCES (Unsecured and considered good, unless otherwise stated)		
Loans to Employees	1.25	2.13
Loans to Others	-	4.32
Advance towards share application money	1.40	2.95
Advances recoverable in cash or in kind or for value to be received	273.04	101.85
Deposit with government authorities	110.80	25.85
Deposits with others	54.68	10.29
Balances with customs, excise, etc.,	76.15	14.29
Advance tax (net of provision)	42.29	20.74
MAT Credit entitlement	13.91	4.65
	573.52	187.07
Less: Provision for bad/doubtful advances	0.43	-
Total	**573.09**	**187.07**

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 13 CURRENT LIABILITIES AND PROVISIONS		
a) Liabilities		
Sundry Creditors		
Dues to micro and small enterprises	2.62	0.07
Dues to other than micro and small enterprises	932.22	408.33
	934.84	**408.40**
Book overdraft	48.20	1.73
Interest accrued but not due	9.76	0.95
Share Application Money Refunds - not claimed	0.07	0.08
Advances/Deposits from customers/concessionaires	112.32	72.24
Retention Money	120.56	61.75
Other liabilities	52.14	117.51
	1,277.89	**662.66**
b) Provisions		
Dividend distribution tax	0.13	0.05
Provision for employee benefits	4.57	6.57
Provision for Operations and Maintenance (net of advances)	83.46	77.84
	88.16	**84.46**
Total	**1,366.05**	**747.12**

Schedules forming part of Consolidated Profit and Loss Account

for the year ended March 31, 2008

(Rs. in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
SCHEDULE 14 SALES AND OPERATING INCOME		
Power		
Income from sale of electrical energy	1,578.17	1,220.50
Less: Prompt Payment Rebate	36.97	25.61
	1,541.20	1,194.89
Roads		
Annuity income from Expressways	139.62	138.08
Income from various works-Expressways	0.08	5.11
	139.70	143.19
Airports		
Aeronautical	323.80	268.37
Non - Aeronautical	348.79	162.53
Cargo Operations	203.96	157.10
	876.55	588.00
Others		
Income from management and other services	30.65	22.14
Interest income (gross) [Tax deducted at source - Rs. 0.84 (2007: Rs. 2.19)	19.30	17.23
Dividend income (gross) [Tax deducted at source - Rs. Nil (2007 : Rs. Nil)]	79.25	3.27
Profit on sale of investments	11.26	-
	140.46	42.64
Total	2,697.91	1,968.72

SCHEDULE 15 OTHER INCOME		
Income from investments- other than trade (gross) [Tax deducted at source - Rs. Nil (2007 : Rs. Nil)]	19.59	12.82
Liabilities/Provisions no longer required, written back	12.91	-
Gain on account of foreign exchange fluctuations (net)	15.80	0.40
Profit/(Loss) on sale of investments (net)	14.93	3.77
Miscellaneous income	6.52	1.34
Total	69.75	18.33

SCHEDULE 16 GENERATION AND OPERATING EXPENSES		
Consumption of fuel and lubricants	1,031.26	698.83
Operations and maintenance [net of claims relating to earlier years and warranty claims - Rs. 0.61 (2007 : Rs. 8.24) and includes stores and spare parts consumed Rs. 13.87 (2007 : Rs. 18.76)]	75.51	74.53
Cost of variation works	0.07	3.44
Airport operator fee	18.14	10.00
Cargo handling charges	14.24	10.23
Insurance	4.09	3.09
Technical consultancy fee	5.66	4.83
Salaries, allowances and benefits to employees	2.07	0.83
Electricity and water charges (net of recoveries of Rs. Nil (2007: Rs. 24.33)	23.86	22.65
Repairs and maintenance:		
Plant and machinery (net of claims)	0.35	8.67
Buildings	19.10	28.24
Others	18.56	1.37
Lease rentals [net of sub lease rentals - Rs. 0.28 (2007: Rs. 0.28)]	8.25	7.00
Others	8.51	10.69
Total	1,229.67	884.40

Schedules forming part of Consolidated Profit and Loss Account

for the year ended March 31, 2008

(Rs. in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
SCHEDULE 17 ADMINISTRATION AND OTHER EXPENSES		
Salaries, allowances and benefits to employees	82.60	49.63
Operation support cost paid to Airports Authority of India	108.05	77.79
Contribution to Provident and other funds	5.95	3.63
Staff welfare expenses	12.64	7.11
Rent	19.37	11.48
Repairs and maintenance		
Buildings	0.08	0.09
Others	0.76	0.42
Rates and taxes	3.65	3.54
Insurance	8.28	9.01
Consultancy and other professional charges	56.14	36.21
Directors' sitting fee	0.46	0.45
Electricity charges	1.62	1.95
Remuneration to auditors	1.03	0.57
Travelling and conveyance	37.01	34.90
Communication expenses	3.87	3.54
Advertisement expenses	22.46	0.84
Printing and Stationery	3.64	2.08
Provision for doubtful advances/ write off of claims and debts	17.52	4.97
Provision for diminution in value of investments	6.66	5.69
Donations	17.39	7.64
Bad Debts Written off	5.73	-
Loss on sale of fixed assets	0.68	-
Fixed Assets written off	-	0.13
Miscellaneous expenses	51.02	19.21
Less: Reimbursement of expenses	-	12.22
Total	**466.61**	**268.66**

SCHEDULE 18 INTEREST AND FINANCE CHARGES		
Interest on term loans (net)	142.48	124.20
Interest - others	3.25	7.20
Bank/other finance charges/prepayment premium (net of reimbursement)	22.98	12.74
Total	**168.71**	**144.14**

Notes forming part of the Consolidated Accounts

Statement on Significant Accounting Policies and Notes to the Consolidated Accounts

SCHEDULE | 19 | NOTES

1. DESCRIPTION OF BUSINESS

GMR Infrastructure Limited ('GIL' or 'the Company') and its consolidated subsidiaries and associate (here in after collectively referred to as Group) are mainly engaged in generation of power, development of expressways and airport infrastructure facilities. GIL is a holding company with its investments mainly within the group companies. It is also involved in the development of the infrastructure and other projects as mentioned above.

Power business

Certain entities of the Group are involved in the generation of power. These are separate special purpose vehicles formed which have entered into Power Purchase Agreements with the electricity distribution companies of the respective state governments either on Memorandum of Understanding basis or on bid basis.

Airport Infrastructure business

Certain entities of the Group are engaged in development of airport infrastructure i.e the Green field International Airport at Hyderabad on build, own, operate and transfer basis along with a consortium of sponsors like Airport Authority of India, State Government of Andhra Pradesh and Malaysian Airport Holdings Berhad under concessionaire agreement and the operations and modernisation of Delhi Airport as a joint venture between the Group and Airport Authority of India.

Development of expressways

Certain entities of the Group are engaged in development of expressways on build, operate and transfer basis. There are special purpose vehicles which have entered into concessionaire agreements with National Highways Authority of India for carrying out these projects.

Urban Infrastructure

Certain entities of the Group are engaged in development of Special Economic Zones.

2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include accounts of GMR Infrastructure Limited ('the Company') and its subsidiaries, associate and joint venture. Subsidiary undertakings are those companies in which GIL, directly or indirectly, has an interest of more than one half of voting power or otherwise has power to exercise control over the operations. Subsidiaries are consolidated from the date on which effective control is transferred to the Group till the date such control exists. The consolidated financial statements have been prepared in accordance with historical cost convention, with the Generally Accepted Accounting Principles (GAAP) applicable in India and the provisions of the Indian Companies Act, 1956.

All inter company transactions, balances and unrealised surpluses and deficits on transactions between group companies are eliminated.

Investments in the Associates have been accounted in these consolidated statements as per Accounting Standard 23 on Accounting for Investments in Associates in Consolidated Financial Statements. Investments in associate companies which have been made for temporary purposes have not been considered for consolidation.

The companies considered in the consolidated financial statements in each of the years are listed below:

Name of the Company	Relationship	Percentage of ownership interest (Directly and Indirectly)	
		March 31, 2008	March 31, 2007
GMR Energy Limited (GEL)	Subsidiary	99.99%	99.99%
GMR Power Corporation Private Limited (GPCPL)	Subsidiary	51.00%	51.00%
Vemagiri Power Generation Limited (VPGL)	Subsidiary	100.00%	100.00%
GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL)	Subsidiary	100.00%	100.00%
GMR Hyderabad International Airport Limited (GHIAL)	Subsidiary	63.00%	63.00%
Delhi International Airport Private Limited (DIAL)	Subsidiary	50.10%	50.10%
Gateways for India Airports Private Limited (GFIAPL)	Subsidiary	86.49%	86.49%
Hyderabad Menzies Air Cargo Private Limited (HMACL)	Subsidiary	32.13%	32.13%
GMR Tuni Anakapalli Expressways Private Limited (GTAEPL)	Subsidiary	60.77%	49.01%
GMR Tambaram Tindivanam Expressways Private Limited (GTTEPL)	Subsidiary	60.77%	49.01%
GMR Ambala Chandigarh Expressways Private Limited (GACEPL)	Subsidiary	100.00%	100.00%
GMR Jadcherla Expressways Private Limited (GJEPL)	Subsidiary	100.00%	100.00%
GMR Pochanpalli Expressways Private Limited (GPEPL)	Subsidiary	100.00%	100.00%

Notes forming part of the Consolidated Accounts

SCHEDULE 19 NOTES (Contd.)

Name of the Company	Relationship	Percentage of ownership interest (Directly and Indirectly)	
		March 31, 2008	March 31, 2007
GMR Ulundurpet Expressways Private limited (GUEPL)	Subsidiary	100.00%	100.00%
GMR Highways Private Limited (GHPL)	Associate	50.00%	50.00%
GVL Investments Private Limited (GVL)	Subsidiary	100.00%	100.00%
GMR Mining and Energy Limited (GMEPL)	Subsidiary	89.00%	89.00%
GMR Krishnagiri SEZ Limited (GKSL)	Subsidiary	100.00%	0%
GMR Kamalanga Energy Limited (GKEL)	Subsidiary	100.00%	0%
Delhi Aerotropolis Private Limited (DAPL)	Subsidiary	100.00%	0%
Delhi Cargo Private Limited (DCPL)	Subsidiary	100.00%	0%
Hyderabad Airport Security Services Limited (HASSL)	Subsidiary	100.00%	0%
GMR Hyderabad Aerotropolis Private Limited (GHAPL)	Subsidiary	100.00%	0%
Himtal Hydro Power Company Private Limited, Nepal (HHPCPL)	Subsidiary	80.00%	0%
GMR Consulting Engineers Private Limited (GCEPL)	Subsidiary	100.00%	0%
GMR Energy Trading Limited (GETL)	Subsidiary	51.00%	0%
GMR Aviation Private Limited (GAPL)	Subsidiary	100.00%	0%
GMR Infrastructure (Mauritius) Limited (GIML)	Subsidiary	100.00%	0%
GMR Energy (Mauritius) Limited (GEML)	Subsidiary	100.00%	0%
GMR Infrastructure (Cyprus) Limited (GICL)	Subsidiary	100.00%	0%
GMR Infrastructure Overseas Sociedad Limitada (GIOSL)	Subsidiary	100.00%	0%
Istanbul Sabiha Gokcen Uluslarasi Havalimani Yatirim Yapum Ve Isletme Sirketi (SGIA)	Joint Venture	40%	0%

3. SIGNIFICANT ACCOUNTING POLICIES - GROUP CORPORATE POLICIES

i) Revenue Recognition

In case of power generating companies, revenue from sale of energy is recognised on accrual basis in accordance with the provisions of the Power Purchase Agreement (PPA). Claims for delayed payment charges and any other claims, which the company is entitled to under the Power Purchase Agreement, on grounds of prudence, are accounted for in the year of acceptance. Insurance claims are accounted on finalisation and acceptance. The PPA provides for payment of fixed tariff based on cumulative availability of plant and also the fuel cost at a predetermined station heat rate.

In case of companies involved in construction and maintenance of roads, annuity is accrued on time basis in accordance with the provisions of the Concessionaire Agreement entered into with National Highways Authority of India (‘NHAI’). Claims raised on NHAI under Concessionaire Agreement, on grounds of prudence, shall be accounted for in the year of acceptance.

In case of airport infrastructure companies, revenue is recognised on accrual basis and is net of service tax, applicable discounts and collection charges, when services are rendered and it is possible that an economic benefit will be received which can be quantified reliably. Revenue from Cargo Operations is recognised at the point of departure for exports and at the point when goods are cleared in case of imports.

Significant items of income and expenditure are recognised on accrual basis except in case of those with significant uncertainties. Income from management/technical services is recognised as per the terms of the agreement and on the basis of services rendered.

Expenses incurred on developmental projects are charged to revenue. These are dealt with at appropriate time for recovery/capitalisation.

ii) Annual Fee/Concession Fee

In case of airport infrastructure companies, the annual fee computed as a percentage of revenues, pursuant to the terms and conditions of the Operations, Maintenance and Development Agreement (OMDA) is recognised as a charge in the Profit and Loss Account.

Iii) Operations And Maintenance

GEL has entered into a Long Term Service Agreement (LTSA) for maintenance of the main plant, Operations and Maintenance Agreement for regular and major maintenance and Long Term Assured Parts Supply Agreement (LTAPSA) for supply of parts for planned and unplanned maintenance over the term of the agreement. Amounts payable under the agreements are charged to the Profit and Loss Account based on actual factored fired hours of the Gas Turbines during the period on the basis of average factored hour cost including Customs Duty applicable at the current prevailing rate. Periodical minimum payments are accounted as and when due.

Operations and Maintenance Agreements have been entered by certain subsidiary companies for operations, regular and major maintenance of the Carriage ways. Amounts payable under such agreements are charged to the Profit and Loss Account on accrual basis.

Notes forming part of the Consolidated Accounts

SCHEDULE | 19 | NOTES (Contd.)

Iv) Fixed Assets

Fixed Assets are stated at cost of acquisition less depreciation. Cost of acquisition is inclusive of freight, duties, levies and all incidentals attributable to bringing the asset to its working condition. Assets under installation or under construction as at the balance sheet date are shown as Capital Work in Progress.

Assets under construction and the related advances as at the Balance Sheet date are shown as Capital Work in Progress.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes substantial period of time to get ready for its intended use or sale. Other borrowing costs not attributable to the acquisition of any capital asset or investments are recognised as expenses in the period in which they are incurred.

All the fixed assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment (being the excess of carrying value over the recoverable value of the asset) is charged to the profit and loss account in the respective financial year. The impairment loss recognised in the prior years is reversed where the recoverable value exceeds the carrying the value of the asset upon re-assessment in the subsequent years.

Intangible Assets

Intangible Assets in nature of, upfront fee and other costs paid to Airports Authority of India (AAI), pursuant to the terms and conditions of the OMDA and Carriage Ways (costs incurred to construct, widen and rehabilitate expressways) are recognised as intangible assets. The carrying amounts of assets are reviewed at each Balance Sheet date to assess whether they are carried in excess of their recoverable amount.

v) Depreciation

Tangible Assets

The Group provides depreciation on fixed assets, other than those specifically stated below, on straight line method at the rates specified under Schedule XIV to the Companies Act, 1956 except for assets costing less than Rs. 5,000, which are fully depreciated in the year of acquisition. Leasehold improvements are amortised over the period of the lease or estimated useful life whichever is shorter. Depreciation on adjustments to the historical cost of the assets on account of foreign exchange fluctuations is provided prospectively over the residual useful life of the asset.

Assets acquired under finance leases are depreciated on a straight line basis over the lease term or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.

Intangible Assets

Intangible assets are amortised over the period of the respective Concessionaire Agreements.

Vi) Investments

Long term investments are carried at cost less provision made to recognise any decline, other than temporary, in the value of such investments. Current investments are valued at cost or market value whichever is lower. Cost of acquisition is inclusive of expenditure incidental to acquisition. Income from investments is recognised in the year in which it is accrued and stated at gross.

Gains/losses, on investment in futures, both equity and index, being the difference between the contracted rate and the rate on the settlement or sale date, whichever is earlier, are recognised in the Profit and Loss Account on settlement/sale. The open contracts as at the year end are marked-to-market and the resultant loss, if any, is charged to the Profit and Loss Account.

Vii) Inventories

Inventories are valued at lower of cost or net realisable value. Cost is determined on a weighted average basis and includes all applicable costs incurred in bringing goods to their present location and condition.

Viii) Retirement Benefits

a) Defined Contribution Plans

Contributions paid/payable to defined contribution plans comprising of provident fund and pension fund are charged on accrual basis.

The Company also has a defined contribution superannuation plan (under a scheme of Life Insurance Corporation of India) covering all its employees and contributions in respect of such scheme are charged on accrual basis in the Profit and Loss Account. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.

b) Defined Benefit Plan

Gratuity for employees is covered under a scheme of Life Insurance Corporation of India and contributions in respect of such scheme are recognised in the Profit and Loss Account. The liability as at the Balance Sheet date is provided for based on the actuarial valuation in accordance with the requirements of revised AS 15 as at the end of the year.

c) Other Long term employee benefits

Other Long term employee benefits comprise of leave encashment which is provided for based on the actuarial valuation carried out in accordance with revised AS 15 as at the end of the year.

Notes forming part of the Consolidated Accounts

SCHEDULE | 19 | NOTES (Contd.)

d) Short term employee benefits

Short term employee benefits including accumulated compensated absences as at the Balance Sheet date are recognised as an expense as per Company's schemes based on the expected obligation on an undiscounted basis.

ix) Foreign Currency Transactions

All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and the resultant gain /loss is recognised in the financial statements.

In case of forward exchange contracts or any financial instruments i.e., in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and/or is a highly probable forecast transaction, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract.

In respect of non-integral Foreign Operations, the assets and liabilities, both monetary and non-monetary are translated at the closing rates and the income and expenses are translated at the dates of the transactions and all the resulting exchange differances are accumulated in Foreign Exchange fluctuation reserve untill the disposal of the investments.

x) Earnings Per Share

The earnings considered in ascertaining the Company's Earning per Share (EPS) comprise of the net profit after tax less dividend (including dividend distribution tax) on preference shares. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving basic EPS, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The number of shares and potentially dilutive shares are adjusted for bonus shares issued.

Xi) Government Grants

Government grants in the nature of capital subsidy are treated as Capital Reserve.

Xii) Taxes On Income

Current tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised on timing differences; being the difference between the taxable income and the accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are computed on the timing differences applying the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate tax (MAT) paid in accordance to the tax laws, which give rise to the future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

4. Notes To The Consolidated Accounts

i) A. Contingent Liabilities

(Rs. in crore)

Particulars	As at March 31, 2008	As at March 31, 2007
Corporate guarantees	62.50	62.50
Stamp Duty Payable for registration	-	0.30
Matters relating to Income tax under dispute	3.24	0.92
Matters relating to Water cess under dispute	1.68	1.30
Matters relating to Custom Duty under dispute	4.60	14.74

B. In case of DIAL, the Airports Authority of India, w.e.f. June 1, 2007 has claimed service tax on the annual fee payable to them considering same as rental income from immovable property. DIAL has disputed the grounds of the levy as well its liability under provisions of the Operation, Management and Development Agreement (OMDA). As the matter is under dispute and pending with Hon'ble High Court of Delhi, the impact of the same, if any has not been considered.

Notes forming part of the Consolidated Accounts

SCHEDULE | 19 | NOTES (Contd.)

ii) **Capital Commitments**

(Rs. in crore)

Particulars	As at March 31, 2008	As at March 31, 2007
Estimated value of contracts remaining to be executed on capital account, not provided for (net of advances)	5,528.93	8,095.03
Investment in equity shares of subsidiary companies	691,77	512.23
Investment in equity shares of joint venture entities	136.22	-

iii) **Equity Shares**

A. During the year ended March 31, 2007, pursuant to the decision of the shareholders of the Company at their Extra Ordinary General Meetings, 28,510,206 equity shares of face value of Rs. 10 each were allotted as a Pre-IPO preferential allotment, to various parties at an aggregate share premium of Rs. 515.74 crore.

B. Pursuant to the decision of the shareholders of the Company at the Extra Ordinary General Meeting held on November 26, 2007, 165,238,088 equity shares of face value of Rs. 2 each have been allotted to Qualified Institutional Buyers at a premium of Rs. 238 per share on December 12, 2007 and received an amount of Rs. 3,965.71 crore. The net proceeds after the issue expenses will be utilised towards capital expenditure for various projects under development (either directly or through our subsidiaries, joint ventures or affiliates), general corporate purposes including working capital & strategic initiatives and acquisitions in India and abroad. Pending utilisation for the purposes described above the funds have been invested in Mutual Funds and bonds.

C. Pursuant to the decision of the shareholders of the Company at the Extra Ordinary General Meeting held on February 28, 2006, 38,136,980 equity shares of face value of Rs. 10 each have been allotted by way of initial public offer (IPO) on August 17, 2006 and August 24, 2006. The details of funds received and their utilisation up to March 31, 2008 are given below:

(Rs. in crore)

Particulars	March 31, 2008	March 31, 2007
Funds received		
Equity Share Capital	38.14	38.14
Share Premium (Refer Note (i) below)	756.78	756.78
Interest on delayed payment of call money	0.06	0.05
Less: Calls unpaid	0.02	0.08
Total	794.96	794.89
Utilisation of Funds		
Investment in Subsidiary Companies (including Share Application Money, pending allotment) - Refer Note (ii) below	509.95	220.65
Repayment of Unsecured Loans	55.00	55.00
Payment to GMR Holdings Private Limited and GMR Operations Private Limited for acquisition of equity shares of GVL Investments Private Limited	155.86	155.86
Expenses incurred towards the IPO	64.59	62.96
Deposit with Bombay Stock Exchange (BSE)	3.00	3.00
Margin Money towards Bank Guarantee issued to BSE	6.54	6.54
Total Utilisation	**794.94**	**504.01**
Balance of unutilised monies out of IPO, details of which are given below:	**0.02**	**290.88**
Investments in Short Term Securities (included in Schedule 7)	-	40.58
Investments in Fixed Deposits (included in Schedule 10)	-	250.00
Amount lying in current accounts	0.02	0.30
Total	**0.02**	**290.88**

Notes:

(i) In case of 5,669,425 equity shares allotted to the retail investors' category, a discount of five percent on the issue price was given in accordance with the terms of the Company's prospectus dated August 7, 2006

(ii) Represent investment made directly by the company, through its subsidiary companies and by way of repayment of loans taken for the purpose of investment in subsidiary companies.

Notes forming part of the Consolidated Accounts

SCHEDULE 19 NOTES (Contd.)

(iv) Reserves and Surplus

GHIAL has received a grant of Rs. 107.00 crore from Government of Andhra Pradesh towards Advance Development Fund Grant, as per the State Support Agreement. This being in the nature of financial support for the project, the grant has been considered as Capital Reserve.

(v) Secured Loans

In case of GTTEPL and GTAEPL, the Secured Loans as at March 31, 2008 are in the nature of advances received towards the assignment of future Annuity/Receivables under the Concession Agreement with National Highway Authority of India and are further secured by way of mortgage of all the present and future immovable fixed assets of the company and by way of hypothecation over the movable fixed assets.

(vi) Fixed Assets

For the purpose of consolidation, depreciation in respect of power sector subsidiaries has been uniformly considered based on the rates as prescribed under Schedule XIV to the Companies Act, 1956 amounting to Rs. 117.43 crore (2007: Rs. 86.49 crore). Depreciation on assets of such subsidiaries is charged in the financial statements of the individual entities on different basis, aggregating to Rs. 242.94 crore (2007: Rs.213.65 crore), following accounting policies/rates which are considered appropriate in each case.

(vii) Foreign Currency Transactions

The company has adopted the principle of Companies (Accounting Standards) Rules, 2006, towards accounting for exchange differences arising in respect of monies borrowed by the company in foreign currency for purchase of fixed assets from countries outside India for the period commencing from April 1, 2007. Consequently, an amount of Rs. 13.29 crore, being the exchange difference during this period, has been credited to Foreign Exchange Fluctuation Account in the Profit and Loss Account and such exchange fluctuation, prior to commencement of the said Rules, i.e. prior to April 1, 2007 had been included in the carrying amount of fixed assets.

(viii) Expenditure during construction period, pending allocation (net)

A. In respect of Companies in construction stage, no Profit and Loss Account has been drawn up. All expenditure incurred (net of income earned) during the construction stage are grouped and disclosed under 'Expenditure during construction period, pending allocation (net)' in Schedule 6.

B. In accordance with the terms of the Concessionaire Agreements entered into with National Highways Authority of India (NHAI) by GACEPL, GJEPL and GUEPL, dated November 16, 2005, February 20, 2006 and April 19, 2006 respectively, the Companies have paid an aggregate of Rs. 256.36 crore (2007: 109.63 crore) towards 'negative grant' to NHAI which has been included in 'Expenditure during construction period, pending allocation (net)' in Schedule 6.

(ix) Sundry Debtors

In case of GPCPL, claims/counterclaims arising out of the Power Purchase Agreement and Land Lease Agreement in respect of the dues recoverable from Tamil Nadu Electricity Board (TNEB) on account of Sale of Energy including reimbursement towards Interest on Working Capital and Minimum Alternate Tax and payment of land lease rentals to TNEB respectively are pending settlement/reconciliation. The management is confident of recovering these amounts.

(x) Operating Income

In case of DIAL and GHIAL, security component of passenger service fees being in the nature of 'pass through', has not been considered as a part of the revenues. The related balance at the year end has been disclosed under the appropriate heads in the Balance Sheet.

(xi) Others

A. In case of DIAL, a provision of Rs 25.00 crore has been made during the year towards estimated arrears that may be payable on account of the implementation of the 6th Pay Commission recommendations for the employees of Airport Authorities of India (AAI).

B. Interest on Term Loans included in Schedule 18 is net of interest income amounting to Rs. 42.22 crore (2007: Rs. 42.04 crore)

C. The power purchase agreement entered into by GEL with Karnataka Power Transmission Corporation Limited, by virtue of which, sales are currently being made to Bangalore Electricity Supply Company Limited (BESCOM) and Mangalore Electricity supply company Limited (MESCOM), will terminate in June 2008 and the company is in the process of exploring various alternate business opportunities for the power plant.

D. GHIAL has declared commercial operations on March 23, 2008 and accordingly, the Runways, Buildings, Plant and Machinery etc have been capitalised as on that date. Out of the total 'Expenditure during construction period, pending allocation (net)' as at that date amounting to

Notes forming part of the Consolidated Accounts

SCHEDULE | 19 | NOTES (Contd.)

Rs. 436.90 crore, an amount of Rs. 410.29 crore directly identifiable to the cost of construction has been apportioned over the cost of the fixed assets and the remaining amount of Rs. 26.61 crore has been charged to the Profit and Loss Account under the relevant heads of account (included in Schedule 16)

E. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2008. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(xii) Effective April 1, 2007, the Company as adopted the Accounting Standard 15 (Revised) on "Employee benefits" issued by the Institute of Chartered Accountants of India. Pursuant to the adoption, the transitional obligation of the Company amounting to Rs. 0.51 crore has been adjusted against the opening balance of the revenue reserves.

Defined benefit plan

The following table sets forth the status of the Gratuity Plan of the Company and the amounts recognised in the Balance Sheet and Profit and Loss Account.

(Rs. in crore)

Particulars	Year ended March 31, 2008
Projected benefits obligation at the beginning of the year	2.41
Current service cost	1.18
Interest cost	0.19
Actuarial loss/(gain)	(0.62)
Benefits paid	0.28
Projected benefit obligation at the end of the year	2.87
Amounts recognised in the balance sheet	-
Projected benefit obligation at the end of the year	2.87
Fair value of plan assets at end of the year	3.30
Funded status of the plans -(asset)/liability	(0.42)
(Assets)/Liability recognised in the balance sheet	(0.42)
Cost for the year	
Current service cost	1.18
Interest cost	0.19
Expected return on plan assets	(0.13)
Net actuarial (gain)/loss recognised in the year	(0.62)
Net Cost	0.63
Assumptions	
Discount Rate	8.00%
Estimated rate of return on plan assets	8.00%
Expected rate of salary increase	6.00%

Notes forming part of the Consolidated Accounts

SCHEDULE | 19 | NOTES (Contd.)

(xiii) Leases

A. Finance Lease

In case of GEL, finance lease comprise of IBM computer server. The lease has a primary period, which is fixed and non-cancelable. The company has an option to renew the lease for a further period of one year. The agreements provide for revision of lease rental in the event of changes in taxes, if any, leviable on the lease rentals. There are no exceptional/restrictive covenants in the lease agreements.

(Rs. in crore)

Particulars	Minimum Lease Payment	Present Value of Minimum Lease
	As at March 31, 2008	As at March 31, 2008
(i) Payable not later than 1 year	1.31	1.24
(ii) Payable later than 1 year and not later than 5 years	3.28	2.69
(iii) Payable later than 5 years	-	-
Total - (i)+(ii)+(iii) = (iv)	4.59	3.93
Less: Future finance charges - (v)	0.66	-
Present Value of Minimum Lease Payments (iv) - (v)	3.93	-

Note: This being the first year of disclosure, previous year figures have not been furnished

B. Operating Leases

The Group has entered into certain cancelable operating lease agreements mainly for office premises and a non-cancelable operating lease agreement for a gas turbine for a period of 75 months. The lease rentals charged during the year (included in Schedule 6, 16 and 17) and the maximum obligation on the long term non-cancelable operating lease payable as per the agreement are as follows:

(Rs. in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
Lease Rentals under cancelable leases	28.50	21.91
Lease Rentals under non-cancelable leases	3.49	2.24
Obligations on non-cancelable leases:		
Not later than one year	-	3.49
Later than one year and not later than five years	-	-

(xiv) Earnings Per Share (EPS)

(Rs. in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
Nominal Value of Equity Shares (Rs. per Share) [Refer Note - (C) below]	2	2
Total number of Equity Shares outstanding at the beginning of the year	1,655,420,000	1,322,184,070
Add: Issue of Equity Shares on preferential basis on various dates [Refer Note (iii) (A) and above]	-	142,551,030
Add: Issue of Equity Shares through initial public offer [Refer Note (iii) (C) above]	-	190,684,900
Add: Issue of Equity Shares through Qualified Institutional Placement (QIP) (Refer Note (iii)(B) above)	165,238,088	-
Total number of Equity Shares outstanding at the end of the year	**1,820,658,088**	**1,655,420,000**
Weighted average number of Equity Shares outstanding at the end of the year	**1,705,071,192**	**1,570,002,330**
Net Profit after tax (Rs. in crore)	**210.08**	**174.43**
EPS - Basic and Diluted (Rs.)	**1.23**	**1.11**

Notes:

A. As at March 31, 2008, Rs. 11,625 (2007: Rs. 50,125) was receivable towards Equity Shares and for the computation of weighted average number of Equity Shares outstanding at the end of the year, these have been considered as partly paid-up shares.

B. Since the company did not have any dilutive securities, the basic and diluted earnings per share are the same.

C. Pursuant to the approval for the subdivision of the equity shares of the Company in the Annual General Meeting held on August 30, 2007, each equity share carrying a face value Rs. 10 each has been subdivided into 5 equity shares of Rs. 2 each on October 8, 2007, being the record date. Accordingly, the weighted average number of shares for both the current and corresponding previous periods has been adjusted to reflect such subdivision while calculating the earnings per share.

Notes forming part of the Consolidated Accounts

SCHEDULE | 19 | NOTES (Contd.)

(xv) Deferred Tax

Deferred tax liability comprises mainly of the following as at March 31,

(Rs. in crore)

S. No	Particulars	2008		2007	
		Deferred tax Asset	Deferred tax liability	Deferred tax Asset	Deferred tax liability
1.	Depreciation	-	83.30	-	16.29
2.	Preliminary Expenses	0.32	-	0.41	-
3.	Other 43B disallowances	0.13	-	0.05	-
4.	Carry forward losses	40.35	-	1.38	-
	Total	40.80	83.30	1.84	16.29
	Deferred tax liability (net)	-	42.50	-	14.45

A. In case of GIL, in view of the management's assessment that the future income mainly in the form of dividends is tax free, deferred tax asset on carry/brought forward losses have not been recognised by the Company, on the grounds of prudence.

B. In case of GEL and VPGL, deferred tax asset to the extent not reversing within the tax holiday period of the Company has not been recognised on the grounds of prudence in view of the management's assessment of future profitability of these companies.

C. In case of GPCPL, GTAEPL and GTTEPL, as the timing differences are originating and reversing within the tax holiday period of the Company under the provisions of section 80-IA of the Income Tax Act, 1961, deferred tax has not been recognised by these Companies.

(xvi) Provisions

(Rs. in crore)

Particulars	As at April 1, 2007	Provision made during the year	Amount used during the year	As at March 31, 2008
Provision for operations and maintenance	77.84	10.10	4.48	83.46
	(64.20)	(13.70)	(0.06)	(77.84)

Note: Previous year figures are mentioned in brackets.

(xvii) Segment Reporting:

a. The segment report of GIL and its consolidated subsidiaries, associates and joint venture (the Group) has been prepared in accordance with Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

b. The corporate strategy of the Group aims at creating multiple drivers of growth anchored on its core competencies. The Group is currently focused on four business groups: Power, Roads, Airport Infrastructure and Others. The Group's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.

c. The Group's activities are predominantly within India. The conditions prevailing within India being predominantly uniform, no separate geographical segment disclosure is considered necessary.

d. For the purpose of reporting, business segments are primary segments and the geographic segment is a secondary segment.

Notes forming part of the Consolidated Accounts

SCHEDULE | 19 | NOTES (Contd.)

e. The various business segments comprise of the following companies:

Sl. No.	Segment	Name of the Company
1.	Power	GMR Energy Limited
		GMR Power Corporation Private Limited
		Vemagiri Power Generation Limited
		GMR Mining and Energy Limited
		GMR (Badrinath) Hydro Power Generation Private Limited
		GMR Kamalanga Energy Limited
		Himtal Hydro Power Company Private Limited, Nepal
		GMR Energy (Mauritius) Limited
		GMR Energy Trading Limited
2.	Roads	GMR Tuni Anakapalli Expressways Private Limited
		GMR Tambaram Tindivanam Expressways Private Limited
		GMR Ambala Chandigarh Expressways Private Limited
		GMR Jadcherla Expressways Private Limited
		GMR Pochanpalli Expressways Private Limited
		GMR Ulundurpet Expressways Private Limited
		GMR Highways Private Limited
3.	Airport Infrastructure	GMR Hyderabad International Airport Limited
		Delhi International Airport private Limited
		Gateways for India Airports Private Limited
		Hyderabad Menzies Air Cargo Private Limited
		Delhi Cargo Private Limited
		Istanbul Sabiha Gokcen Uluslarasi Havalimani Yatirim Yapum Ve Isletme Sirketi
4.	Others	GMR Infrastructure Limited
		GVL Investments Private Limited
		GMR Aviation Private Limited
		GMR Krishnagiri SEZ Limited
		Delhi Aerotropolis Private Limited
		GMR Hyderabad Aerotropolis Private Limited
		GMR Consulting Engineers Private Limited
		GMR Infrastructure (Mauritius) Limited
		GMR Infrastructure (Cyprus) Limited
		GMR Infrastructure Overseas Sociedad Limitada
		Hyderabad Airport Security Services Limited

Notes forming part of the Consolidated Accounts

SCHEDULE | 19 | NOTES (Contd.)

(xvi) (F) The details of Segment information are given below

(Rs. in crore)

Business Segments	Power		Roads		Airport Infrastructure		Others		Inter Segment		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue												
Revenue from Customers	1,541.20	1,194.90	139.70	143.18	473.42	316.02	140.46	42.64	-	-	2,294.78	1,696.74
Inter Segment Revenue	-	-	-	-	-	-	7.06	16.58	(7.06)	(16.58)	-	-
Total Revenues	**1,541.20**	**1,194.90**	**139.70**	**143.18**	**473.42**	**316.02**	**147.52**	**59.22**	**(7.06)**	**(16.58)**	**2,294.78**	**1,696.74**
Operating Expenses	1,107.49	773.30	12.60	20.10	104.65	94.50	8.43	-	(3.50)	(3.50)	1,229.67	884.40
Depreciation/Amortisation	117.44	86.48	44.26	43.98	11.89	3.90	4.92	0.20	-	-	178.51	134.56
Segment Operating Profit/(Loss)	**316.27**	**335.12**	**82.84**	**79.10**	**356.88**	**217.61**	**134.17**	**59.02**	**(3.56)**	**(13.08)**	**886.60**	**677.77**
Interest income/(Expense) - net	(106.51)	(76.24)	(27.35)	(37.64)	(2.41)	(9.02)	(32.44)	(21.48)		0.24	(168.71)	(144.14)
Other income/(Expense) - net	(45.09)	(72.22)	(13.45)	(11.21)	(326.11)	(155.83)	(15.77)	(7.57)	3.56	(3.50)	(396.86)	(250.33)
Profit / (Loss) before Tax	**164.67**	**186.66**	**42.04**	**30.25**	**28.36**	**52.76**	**85.96**	**29.97**	**-**	**(16.34)**	**321.03**	**283.31**
Taxation -												
Current Tax	17.17	17.72	4.75	3.38	-	-	4.13	3.02	-	-	26.05	24.12
Deferred Tax	-	-	-	-	29.00	14.44	(0.96)	(0.17)	-	-	28.04	14.27
Fringe Benefit Tax	1.28	1.33	0.11	0.15	2.74	1.52	0.16	0.15	-	-	4.29	3.15
Net Profit/(Loss) for the year	**146.22**	**167.61**	**37.18**	**26.72**	**(3.38)**	**36.80**	**82.63**	**26.97**	**-**	**(16.34)**	**262.65**	**241.77**
Other Information												
Segment Assets	2,602.94	2,720.86	2,463.72	1,641.79	7,115.54	1,967.91	6,879.37	1,510.20	(2,446.36)	(855.17)	16,615.21	6,985.60
Capital Expenditure	145.71	51.19	950.67	500.89	3,868.01	1,024.12	203.29	351.62	-	-	5,167.68	1,927.82
Depreciation / Amortisation	117.44	86.48	44.26	43.98	11.89	3.90	4.92	0.20	-	-	178.51	134.56
Segment Liabilities	1,485.52	1,786.67	1,997.33	1,117.53	5,324.30	1,386.43	621.64	215.38	(85.89)	(53.23)	9,342.90	4,452.78

Revenue from Customers in respect of Airports for the year ended March 31, 2008 is net of revenue share paid/payable to the concessionaire grantors, amounting to Rs. 403.13 crore (2007 - Rs. 271.98 crore)

Notes forming part of the Consolidated Accounts

SCHEDULE | 19 | NOTES (Contd.)

(xviii) Related Party Transactions

A. Names of related parties and description of relationship:

Sl. No.	Relationship	Name of the Parties
(i)	Holding Company	GMR Holdings Private Limited (GHPL)
(ii)	Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/ Joint Venture	Airports Authority of India (AAI)
		Malaysia Airports Holdings Berhad (MAHB)
		Government of Andhra Pradesh (GoAP)
		Fraport AG Frankfurt Airport Services Worldwide (FAG)
		Malaysia Airports (Mauritius) Private Limited (MAMP)
		U E Development India Private Limited (UEDI)
		India Development Fund (IDF)
		Istanbul Sabhia Gockecen Ulsarasihavalimani Yatirim Yapim Ve Isletme Anonim Sirketi (SGIA)
(iii)	Enterprises where key managerial personnel and their relatives exercise significant influence.	GMR Varalakshmi Foundation (GVF)
(iv)	Fellow Subsidiary	GMR Industries Limited (GIDL)
		Raxa Security Services Limited (RSSL)
		GMR Properties Private Limited (GMR Properties)
		GMR Projects Private Limited (GMR Projects)
		GMR Highways Private Limited (GMR Highways)
		GMR Corporate Affairs Private Limited (GCAPL)
(v)	Key Management Personnel	Mr. G. M. Rao (Chairman)
		Mr. G. B. S. Raju (Managing Director)
		Mr. Kiran Kumar Grandhi (Director)
		Mr. Srinivas Bommidala (Director)
		Mr. B. V. N. Rao (Director)

Notes forming part of the Consolidated Accounts

SCHEDULE | 19 | NOTES (Contd.)

B. Summary of transactions with the above related parties is as follows:

(Rs. in crore)

Nature of transaction	2008	2007
Purchase of equity shares		
- Key Management Personnel	-	0.02
- Holding Company	0.99	399.33
Share Application Money paid and allotted		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/ Joint Venture	21.96	-
Share Application Money received and allotted		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/ Joint Venture	249.50	-
Share Application Money paid and refunded		
- Fellow Subsidiary	1.39	-
Share Application Money Received		
- Holding Company	-	-
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/ Joint Venture	314.60	115.10
Share application money refunded		
- Holding Company	0.06	-
Unsecured Loans taken and repaid		
- Holding Company	-	303.04
Unsecured Loans repaid		
- Holding Company	2.21	-
Interest on unsecured loans		
- Holding Company	0.02	0.56
Redemption of preference shares		
- Shareholder's having substantial interest/Enterprises in respect of which the reporting enterprises is an associate/ Joint Venture	47.82	-
Rent Paid		
- Fellow Subsidiary	12.84	-
Unsecured Loan taken		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	26.00	-
Operation and Maintenance Services		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	11.52	21.89
- Holding Company	-	3.67
Technical Service Fee		
- Holding Company	-	10.50
Remuneration		
- Key Management Personnel	20.45	19.33
Donations		

Notes forming part of the Consolidated Accounts

SCHEDULE | 19 | NOTES (Contd.)

B. Summary of transactions with the above related parties is as follows: (Contd.)

(Rs. in crore)

Nature of transaction	2008	2007
Security Services Rendered		
- Fellow Subsidiary	7.39	3.37
Retention Money Release		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	-	10.49
Aircraft Usage Charges		
- Fellow Subsidiary	20.30	22.47
Services Received		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/ Joint Venture	0.24	-
Fees received for services rendered		
- Fellow Subsidiary	15.50	-
Capital expenditure towards Engineering, Procurement and Construction contract (including mobilisation advance)		
- Fellow Subsidiary	783.23	317.84
Rent Deposit Paid		
- Fellow Subsidiary	6.19	18.79
Rent Deposit Refunded		
- Fellow Subsidiary	1.96	-
Logo License Fee		
- Holding Company	-	0.001
Consultancy Fee		
- Fellow Subsidiary	-	0.43
Upfront Fee		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	-	150.00
Annual Fee		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	402.71	271.98
Operation Support Cost		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	83.65	77.79
Capital Work in Progress		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	4.54	73.16
Airport Operators Agreement		
Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	28.01	45.72
Expenses for major maintenance		
- Holding Company	-	4.68

Notes forming part of the Consolidated Accounts

SCHEDULE | 19 | NOTES (Contd.)

B. Summary of transactions with the above related parties is as follows: (Contd.)

(Rs. in crore)

Nature of transaction	2008	2007
Balance Payable /(Recoverable)		
- Holding Company	-	2.21
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	50.31	52.83
- Fellow Subsidiary	(23.01)	(18.79)
- Fellow Subsidiary	(94.04)	145.85
- Key management personnel	8.53	8.42

Note:

(i) The Company has provided securities by way of pledge of investments for loans taken by certain companies.

(ii) Certain Key Management Personnel have extended personal guarantees as security towards borrowings of the Company and other bodies corporate. Similarly the holding company has pledged certain shares held in the Company and other bodies corporate as security towards the borrowings of the Company.

(iii) Transactions and outstanding balances in the nature of reimbursement of expenses incurred by one company on behalf of the other have not been considered above.

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.

This is the Consolidated Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

P. Rama Krishna
Partner
Membership Number 22795
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Bangalore
Date : May 21, 2008

G.M.Rao
Executive Chairman

G. B. S Raju
Managing Director
& Group CFO

A. S. Cherukupalli
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2008

(Rs. in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	321.03	283.31
Adjustments for :		
Depreciation	178.51	134.56
Provision for diminution in value of investments	6.66	5.69
Provisions no longer required, written back	(12.91)	-
(Profit)/Loss from sale of investments (net)	(14.93)	(3.77)
(Profit)/Loss from sale/write off of fixed assets (net)	0.68	0.13
Provision for doubtful advances/claims/debts etc.	17.52	4.97
Income from investments	(19.59)	(3.27)
Dividend Income	(79.25)	(12.82)
Interest income	(19.30)	(17.23)
Interest expenses	168.71	144.14
Bad Debts Written off	5.73	-
Operating Profit Before Working Capital Changes	**552.86**	**535.71**
Adjustments for:		
Inventories	(7.62)	5.46
(Increase)/Decrease in Trade and other receivables	(394.33)	(151.62)
Increase/(Decrease) in Trade Payables	617.32	337.81
Cash generated from operations	**215.37**	**191.65**
Direct taxes paid (including fringe benefit tax)	(61.15)	(53.08)
Net Cash from Operating Activities	**707.08**	**674.28**
B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
(Purchase)/Sale of fixed assets (net)	(5,153.12)	(1,958.84)
(Purchase) / Sale of investments (net)	(4,628.91)	(8.70)
Income from investments	79.25	12.82
Interest received	23.21	11.22
Dividend received	19.59	3.27
Net Cash used in Investing Activities	**(9,659.98)**	**(1,940.23)**

Consolidated Cash Flow Statement (Contd.) for the year ended March 31, 2008

(Rs. in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Issue of equity shares (including share premium) (Refer Note 2 below)	3,902.10	1,268.42
Issue of common stock in consolidated entities (including share application money)	533.95	34.40
Proceeds/(Repayments) from/of Borrowings (Net)	4,270.41	735.40
Interest paid	(159.06)	(145.65)
Dividend paid (including dividend distribution tax)	(0.05)	(2.33)
Net Cash used in Financing Activities	**8,547.35**	**1,890.24**
Net increase/(decrease) in Cash and Cash Equivalents	**(405.55)**	**624.29**
Cash and Cash Equivalents as at April 1,	**1,300.04**	**675.75**
Cash and Cash Equivalents as at March 31,	**894.49**	**1,300.04**

Note:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on 'Cash Flow Statements'issued by the Institute of Chartered Accountants of India.
2. Represents amount received towards issue of Equity Shares under qualified institutional placement for the year ended March 31, 2008 and towards issue of equity shares under preferential allotment and initial public offer for the year ended March 31, 2007.
3. Previous periods figures have been regrouped and reclassified to conform to those of the current year.
4. Cash and cash equivalents as at March 31, 2008 include restricted Cash and Bank balance amounting to Rs. 6.54 (2007: Rs. 256.54).

This is the Consolidated Cash flow referred to in our report of even date.

For and on behalf of the Board of Directors

P. Rama Krishna
Partner
Membership Number 22795
For and on behalf of
Price Waterhouse
Chartered Accountants

G.M.Rao
Executive Chairman

G. B. S Raju
Managing Director & Group CFO

A. S. Cherukupalli
Company Secretary

Place : Bangalore
Date : May 21, 2008

Standalone Financial Statements

Auditors' Report

To
The members of the
GMR Infrastructure Limited

1. We have audited the attached Balance Sheet of GMR Infrastructure Limited ("the Company") as at March 31, 2008, and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   e) On the basis of written representations received from the directors, as on March 31, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;

      ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Sd/-
P. Rama Krishna
Partner
Membership Number 22795
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Bangalore
Date : May 21, 2008

Annexure to the Auditor's Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of GMR Infrastructure Limited on the financial statements as at and for the year ended March 31, 2008]

1. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

   b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

   c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.

2. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

   b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

3. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. The activities of the Company did not involve the purchase of inventory and sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

4. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, commenting on transactions made in pursuance of such contracts or arrangements does not arise.

5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

7. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, income-tax and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, and the records of the Company examined by us, investor education and protection fund, employees' state insurance, sales tax, wealth tax, custom duty, excise duty and cess are not applicable to the Company for the current year.

   b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax and service tax which have not been deposited on account of any dispute. According to the information and explanations given to us and the records of the company examined by us, sales tax, wealth tax, customs duty, excise duty and cess are not applicable to the Company for the current year.

8. The company has no accumulated loss as at March 31, 2008 and it has not incurred any cash loss in the financial year ended on that date or in the immediately preceding financial year.

9. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to a bank or a financial institution or debenture holders as at the balance sheet date.

10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

11. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.

12. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

Annexure to the Auditor's Report (Contd.)

13. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the company.

14. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

15. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

16. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

17. The company has created security or charge in respect of debentures issued and outstanding at the year end.

18. The company has not raised any money by public issues during the year. The management has disclosed the end use of monies during the year, out of public issue raised in the earlier year (Refer Note 4 on Schedule 16) and the same has been verified by us.

19. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

20. The other clauses (ii), (iii)(b), (iii)(c), (iii)(d), (iii)(f), (iii)(g), (v)(b) and (viii) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported upon in the aforesaid order.

Sd/-
P. Rama Krishna
Partner
Membership Number 22795
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Bangalore
Date : May 21, 2008

Balance Sheet as at March 31, 2008

(Amount in Rupees)

	Schedules No.	As at March 31, 2008		As at March 31, 2007	
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	3,641,304,551		3,310,789,875	
b) Reserves and Surplus	2	52,404,369,003	56,045,673,554	13,087,026,793	16,397,816,668
2. Loan Funds					
a) Secured Loans	3	4,691,761,693		1,771,730,403	
b) Unsecured Loans	4	100,000,000	4,791,761,693	200,000,000	1,971,730,403
3. Deferred Tax Liability			274,717		94,448
Total			60,837,709,964		18,369,641,519
II. APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	5	17,100,604		17,086,053	
b) Less : Depreciation		10,324,611		9,031,385	
c) Net Block			6,775,993		8,054,668
2. Investments	6		47,803,096,209		13,440,322,103
3. Current Assets, Loans and Advances					
a) Cash and Bank Balances	7	1,081,496,436		3,191,196,737	
b) Other Current Assets	8	41,217,820		46,724,579	
c) Loans and Advances	9	12,117,733,857		1,700,495,657	
		13,240,448,113		4,938,416,973	
Less : Current Liabilities and Provisions	10				
a) Liabilities		212,141,636		16,570,440	
b) Provisions		468,715		581,785	
		212,610,351		17,152,225	
Net Current Assets			13,027,837,762		4,921,264,748
Total			60,837,709,964		18,369,641,519
Statement on Significant Accounting Policies and Notes to the Accounts.	15				

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

P. Rama Krishna
Partner
Membership Number 22795
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Bangalore
Date : May 21, 2008

G.M.Rao
Executive Chairman

G. B. S Raju
Managing Director & Group CFO

A. S. Cherukupalli
Company Secretary

Profit and Loss Account for the year ended March 31, 2008

(Amount in Rupees)

	Schedules No.	Year ended March 31, 2008	Year ended March 31, 2007
I. INCOME			
Operating Income	11	1,027,670,401	333,944,281
Other Income	12	94,293,238	7,400,943
		1,121,963,639	341,345,224
II. EXPENDITURE			
Administration and Other Expenditure	13	211,601,846	87,086,545
Finance Charges	14	253,655,318	199,550,837
Depreciation		1,293,226	1,988,151
		466,550,390	288,625,533
III. PROFIT BEFORE TAXATION		655,413,249	52,719,691
Provision for Taxation			
- Current		27,500,000	24,126,360
- Deferred		180,269	(1,704,494)
- Fringe Benefit Tax		750,000	1,515,910
IV. PROFIT AFTER TAXATION		626,982,980	28,781,915
Surplus brought forward from previous year		817,810,488	602,903,573
V. PROFIT AVAILABLE FOR APPROPRIATION		1,444,793,468	631,685,488
Transfer (from)/to Debenture Redemption Reserve		(51,375,000)	(186,125,000)
VI. AVAILABLE SURPLUS CARRIED TO BALANCE SHEET		1,496,168,468	817,810,488
Earnings per Share (Rs.) - Basic and Diluted		0.37	0.02
Statement on Significant Accounting Policies and Notes to the Accounts.	15		

The Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

P. Rama Krishna
Partner
Membership Number 22795
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Bangalore
Date : May 21, 2008

G.M.Rao
Executive Chairman

G. B. S Raju
Managing Director
& Group CFO

A. S. Cherukupalli
Company Secretary

Schedules forming part of Balance Sheet as at March 31, 2008

(Amount in Rupees)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 1 CAPITAL		
Authorised		
3,750,000,000 (2007: 400,000,000) Equity shares of Rs.2 (2007: Rs. 10) each	7,500,000,000	4,000,000,000
	7,500,000,000	4,000,000,000
Issued, Subscribed and paid up		
1,820,658,088 (2007: 331,084,000) Equity Shares of Rs.2 (2007: Rs. 10) each fully paid-up	3,641,316,176	3,310,840,000
Notes:		
Of the above,		
(i) 528,873,615 equity shares of Rs. 2 (equivalent to 105,774,723 equity shares of Rs. 10) each fully paid-up were allotted during the year ended March 31, 2006, by way of bonus shares by capitalising free reserves of the company.		
(ii) 1,333,613,610 Equity Shares of Rs. 2 (equivalent to 266,722,722 equity shares of Rs. 10) each fully paid-up are held by the holding company, GMR Holdings Private Limited.		
	3,641,316,176	3,310,840,000
Less: Calls unpaid	11,625	50,125
Total	3,641,304,551	3,310,789,875

Notes: Refer note 11 (iii) of schedule 15 on sub division of equity shares of the company carrying a face value of Rs. 10/- each into 5 equity shares of Rs. 2 each during the year ended March 31, 2008.

		As at March 31, 2008	As at March 31, 2007
SCHEDULE 2 RESERVES AND SURPLUS			
Securities Premium Account			
At the commencement of the year		12,017,841,305	-
Add: Received/Receivable towards public issue/QIP of equity shares (Refer Note 3, 4 and 5 of Schedule 15)		39,326,664,944	12,725,241,443
Less: Utilised towards share issue expenses		636,840,863	706,703,400
Less : Calls Unpaid		-	696,738
Add: Received against Calls Unpaid		535,149	-
	(i)	50,708,200,535	12,017,841,305
Debenture Redemption Reserve			
At the commencement of the year		251,375,000	437,500,000
Less: Transfer to Profit and Loss Account		51,375,000	186,125,000
	(ii)	200,000,000	251,375,000
Balance in Profit and Loss Account	(iii)	1,496,168,468	817,810,488
Total (i)+(ii)+(iii)		52,404,369,003	13,087,026,793

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 3 SECURED LOANS		
Debentures		
(i) Nil (2007: 185,000) Secured Redeemable Non-Convertible Debentures of Rs. 100 each	-	9,250,000
(Out of the above, debentures amounting to Rs.3,250,000 bear interest at the rate of 10% per annum (14% up to March 31, 2004) and debentures amounting to Rs.6,000,000 bear interest at the rate of 10% per annum (14% up to December 31, 2004) These debentures are redeemable in 20 equal quarterly installments from October 1, 2002).		
(ii) Nil (2007: 300,000) Secured Redeemable Non-Convertible Debentures of Rs. 100 each	-	30,000,000
(These debentures bear interest at the rate of 10% per annum and are redeemable in 4 equal annual installments from January 8, 2005).		

Schedules forming part of Balance Sheet as at March 31, 2008

(Amount in Rupees)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 3 SECURED LOANS (Contd.)		
(iii) Nil (2007: 162,500) Secured Redeemable Non-Convertible Debentures of Rs. 100 each	-	16,250,000
(These debentures bear interest at the rate of 10% per annum and are redeemable in 4 equal annual installments from February 4, 2005).		
[The above debentures (i) to (iii) are secured, on pari passu basis, by the first charge through hypothecation of all movable and immovable properties of the Company, both present and future, and pledge of equity shares of the Company held by promoter shareholders and their associates.]		
(iv) 800 (2007: 950) Secured Redeemable Non-Convertible Debentures of Rs. 1,000,000 each	800,000,000	950,000,000
[These debentures bear interest at the rate of 10.40% per annum (9.81% upto September 30, 2007)].		
Bank Overdraft	1,141,761,693	766,230,403
(Secured by pledge of 2,850,000 fully paid-up equity shares of Rs.10 each of GMR Industries Limited, held by GMR Holdings Private Limited and by way of Guarantee issued by GMR Holdings Private Limited and further secured by pledge of 75,00,000 fully paid equity shares of Rs. 2 each of GMR Infrastructure Limited, held by GMR Holdings Private Limited and by way of guarantee issued by GMR Holdings Private Limited, for the year ended March 31, 2008.)		
Term Loan		
Rupee Loan		
From a Financial Institution	2,750,000,000	-
(Secured by pledge of 83,08,870 fully paid-up equity shares of Rs. 2 each of GMR Infrastructure Limited, held by GMR Holdings Private Limited and by way of Guarantee issued by GMR Holdings Private Limited)		
Total	**4,691,761,693**	**1,771,730,403**

SCHEDULE 4 UNSECURED LOANS		
Other than Short Term		
From Banks	100,000,000	200,000,000
Total	**100,000,000**	**200,000,000**

Schedules forming part of Balance Sheet as at March 31, 2008

(Amount in Rupees)

SCHEDULE 5 FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	As at April 1, 2007	Additions	Deletions	As at March 31, 2008	As at April 1, 2007	For the year	On Deletions	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
Freehold Land	835,700	-	-	835,700	-	-	-	-	835,700	835,700
Office Equipment	9,121,023	14,551	-	9,135,574	5,166,533	911,518	-	6,078,051	3,057,523	3,954,490
Furniture and Fixtures	6,208,830	-	-	6,208,830	3,355,711	294,260	-	3,649,971	2,558,859	2,853,119
Vehicles	920,500	-	-	920,500	509,141	87,448	-	596,589	323,911	411,359
Total	**17,086,053**	**14,551**	**-**	**17,100,604**	**9,031,385**	**1,293,226**	**-**	**10,324,611**	**6,775,993**	**8,054,668**
Previous Year	22,169,852	130,844	5,214,643	17,086,053	11,081,415	1,988,151	4,038,181	9,031,385	8,054,668	-

Schedules forming part of Balance Sheet as at March 31, 2008

(Amount in Rupees)

		As at March 31, 2008	As at March 31, 2007
SCHEDULE 6 INVESTMENTS			
I. Long term - At cost			
Other than Trade - Unquoted			
A. In Equity Shares of Subsidiary Companies			
GMR Energy Limited		3,962,707,176	3,962,707,176
586,914,708(2007:326,063,727) Equity Shares of Rs.10 each fully paid up			
GMR Hyderabad International Airport Limited		369,950	369,950
36,995 (2007: 36,995) Equity Shares of Rs.10 each fully paid up			
GMR Pochanpalli Expressways Private Limited		633,420,000	633,420,000
63,342,000 (2007: 63,342,000) Equity Shares of Rs.10 each fully paid up			
GMR Jadcherla Expressways Private Limited		540,906,750	540,906,750
54,090,675 (2007: 54,090,675) Equity Shares of Rs.10 each fully paid up			
GMR Tuni-Anakapalli Expressways Private Limited		-	1,000,000
Nil (2007: 100,000) Equity Shares of Rs.10 each fully paid up			
GMR Tambaram-Tindivanam Expressways Private Limited		-	1,000,000
Nil (2007: 100,000) Equity Shares of Rs.10 each fully paid up			
GMR Ambala Chandigarh Expressways Private Limited		456,327,200	270,049,000
45,632,720 (2007:27,004,900) Equity Shares of Rs.10 each fully paid up			
Delhi International Airport Private Limited		2,177,000,000	622,000,000
217,700,000 (2007: 62,200,000) Equity shares of Rs.10 each fully paid up			
GMR Ulundurpet Expressways Private Limited		912,262,500	912,262,500
91,226,250 (2007: 91,226,250) Equity shares of Rs.10 each fully paid up			
GMR (Badrinath) Hydro Power Generation Private Limited		49,000	49,000
4,900 (2007:4,900) Equity shares of Rs.10 each fully paid up			
GVL Investments Private Limited		3,993,262,400	3,993,262,400
2,495,789 (2007:2,495,789) Equity shares Rs.10 each fully paid up			
GMR Aviation Pvt. Ltd.		200,000,000	-
20,000,000 (2007: Nil) Equity shares of Rs.10 each fully paid up			
Gateways for India Airports Private Limited		37,840	37,840
3,784 (2007: 3,784) equity shares of Rs.10 each fully paid-up			
GMR Kamalanga Energy Ltd		1,000	-
100 (2007: Nil) equity shares of Rs.10 each fully paid-up			
GMR Krishnagiri SEZ Limited		500,000	-
50,000 (2007: Nil) equity shares of Rs.10 each fully paid-up			
GMR Infrastructure (Mauritius) Limited		39	-
1 (2007: Nil) equity shares of US$ 1 fully paid up			
In Shares of Other Companies - Other than Trade			
Istanbul Sabiha Gokcen Ulsarasihavalimani Yatirim Yapim Ve Isletme Anonim Sirketi		219,620,993	-
6,681,713 (2007: NIL) equity shares of YTL 1 each fully paid-up			
	(i)	**13,096,464,848**	**10,937,064,616**
B. In Preference Shares of Subsidiary Companies			
GMR Tuni-Anakapalli Expressways Private Limited			
Nil (2007: 1,100,000) 9% Preference Shares of Rs. 100 each fully paid up		-	128,073,282
Nil (2007: 4,655,720) 9.5% Preference Shares of Rs. 100 each fully paid up		-	472,492,806
GMR Tambaram-Tindivanam Expressways Private Limited			
Nil (2007: 1,100,000) 9% Preference Shares of Rs. 100 each fully paid up		-	128,071,161
Nil (2007: 6,746,960) 9.5% Preference Shares of Rs. 100 each fully paid up		-	688,537,611
GMR Energy Limited			
212,149,596 (2007: 73,449,425) 1% Preference Shares of Rs. 10 each fully paid up		2,121,495,960	734,494,250
		2,121,495,960	2,151,669,110
Less: Provision for Diminution in Value of Investments		-	(56,906,860)
	(ii)	**2,121,495,960**	**2,094,762,250**

Schedules forming part of Balance Sheet as at March 31, 2008

(Amount in Rupees)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 6 INVESTMENTS (Contd.)		
II. Current Investment at cost or below market price*		
Other than Trade - Unquoted		
A. Investments in Bonds**		-
7.45% State Bank of India Bonds	-	98,347,123
Nil (2007: 100) Bonds of face value of Rs. 1,000,000 each		
7.1% Power Grid Corporation of India Limited Bonds	-	45,311,250
Nil (2007: 50) Bonds of face value of Rs. 1,000,000 each		
Central Bank of India Tier II Bonds	50,000,000	-
50 (2007: Nil) Bonds of face value of Rs. 1,000,000 each		
B. Investments in Mutual Funds***		
Birla Sun Life Liquid Plus – Instl. – Daily Dividend -Reinvestment	651,336,026	-
65,089,341 (2007: Nil) Units of Rs.10 per unit		
BSL Interval Income Fund - INSTL - Quarterly - Series 2-Dividend	503,965,000	-
50,396,317 (2007: Nil) Units of Rs.10 per unit		
Birla Dynamic Bond Fund - Retail - Quarterly Dividend -Reinvestment	750,000,000	-
71,256,199 (2007: Nil) Units of Rs.10 per unit		
Birla Infrastructure Fund - Dividend -Payout	64,597,458	-
4,953,792 (2007: Nil) Units of Rs.10 per unit		
DSP Merrill Lynch Liquid Plus Institutional Plan - Daily Dividend	502,554,027	-
502,252 (2007: Nil) Units of Rs.10 per unit		
DWS Money Plus Fund - Institutional Plan - Daily Dividend	540,618,752	-
54,017,580 (2007: Nil) Units of Rs.10 per unit		
HDFC Floating Rate Income Fund - Short Term Plan - Dividend Reinvestment - Daily	524,290,295	-
52,008,282 (2007: Nil) Units of Rs.10 per unit		
HSBC Liquid Plus-Inst. Plus-Daily Dividend	693,763,333	-
69,289,029 (2007: Nil) Units of Rs.10 per unit		
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Div- Reinvest Dividend	5,006,356,595	-
500,610,628 (2007: Nil) Units of Rs.10 per unit		
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Div- Reinvest Dividend	66,898,124	-
6,689,477 (2007: Nil) Units of Rs.10 per unit		
ICICI Prudential Interval Fund II Quarterly Interval Plan F - Retail Dividend- Reinvest	350,000,000	-
35,000,000 (2007: Nil) Units of Rs.10 per unit		
ICICI Prudential FMP Series 42 - Three Months Plan A Retail Dividend- Pay Dividend	500,000,000	-
50,000,000 (2007: Nil) Units of Rs.10 per unit		
1174 ICICI Prudential FMP Series 42 - Three Months Plan C Retail Dividend- Pay Dividend	250,000,000	-
25,000,000 (2007: Nil) Units of Rs.10 per unit		
ICICI Prudential - Flexible Income Plan Dividend - Daily- Reinvest Dividend	308,488,168	-
29,175,596 (2007: Nil) Units of Rs.10 per unit		
ICICI Prudential Interval Fund Quarterly Interval Plan - 1 Retail Dividend- Reinvest Dividend	756,420,000	-
75,641,974 (2007: Nil) Units of Rs.10 per unit		
ING Liquid Fund Super Inst. - Daily Dividend Option	3,184,681,778	35,821,911
318,315,386 (2007: 3,580,472) Units of Rs.10 per unit		
ING Liquid Plus Fund - Institutional Daily Dividend	278,649,159	-
27,855,723 (2007: Nil) Units of Rs.10 per unit		
ING Fixed Maturity Fund - 42 Institutional Dividend	250,000,000	-
25,000,000 (2007: Nil) Units of Rs.10 per unit		
JM Money Manager Fund Super Plus Plan - Daily Dividend	506,795,261	-
50,658,755 (2007: Nil) Units of Rs.10 per unit		
JM Interval Fund - Quarterly Plan 4 - Institutional Dividend Plan	500,000,000	-

Schedules forming part of Balance Sheet as at March 31, 2008

(Amount in Rupees)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 6 INVESTMENTS (Contd.)		
50,000,000 (2007: Nil) Units of Rs.10 per unit		
Kotak Flexi Debt Scheme - Daily Dividend	1,023,257,728	-
102,008,526 (2007: Nil) Units of Rs.10 per unit		
LICMF Liquid Fund - Dividend Plan	922,033,339	-
83,973,127 (2007: Nil) Units of Rs.10 per unit		
LIC Liquid Plus Fund - Daily Dividend Plan	296,768,263	-
29,676,826 (2007: Nil) Units of Rs.10 per unit		
Lotus India Liquid Plus Fund - Institutional Daily Dividend	586,151,240	-
58,523,242 (2007: Nil) Units of Rs.10 per unit		
Principal Floating Rate Fund FMP - Insti. Option - Dividend Re investment Daily	517,451,700	-
51,681,601 (2007: Nil) Units of Rs.10 per unit		
Reliance Fixed Horizon Fund - VI Series Institutional Dividend Plan	500,000,000	-
50,000,000 (2007: Nil) Units of Rs.10 per unit		
Reliance Liquidity Fund - Daily Dividend Re investment Option	410,237,017	-
409,771 (2007: Nil) Units of Rs.1000 per unit		
Reliance Liquid Plus Fund - Institutional Option - Daily Dividend Plan	32,814,069	-
32,778 (2007: Nil) Units of Rs.1000 per unit		
Reliance Daily Dividend Re investment Plan	2,722,029	-
272,118 (2007: Nil) Units of Rs.10 per unit		
Reliance Fixed Horizon Fund - I - Annual Plan - Series III - Retail Growth Plan	-	150,000,000
Nil (2007: 15,000,000) Units of Rs.10 per unit		
TDBD TATA Dynamic Bond Fund Option B - Dividend	1,000,000,000	-
98,352,594 (2007: Nil) Units of Rs.10 per unit		
TFLD TATA Floater Fund - Daily Dividend	788,759,776	-
78,596,175 (2007: Nil) Units of Rs.10 per unit		
TATA Fixed Horizon Fund Series - Institutional Plan - Periodic Dividend	251,870,000	-
25,000,000 (2007: Nil) Units of Rs.10 per unit		
UTI Liquid Cash Plan Institutional - Daily Income Option - Re-investment	7,587,805,589	-
7,443,069 (2007: Nil) Units of Rs.1000 per unit		
UTI - Fixed Maturity Plan HFMP 03/08 - I Institutional Dividend Plan - Re investment	1,000,000,000	-
100,000,000 (2007: Nil) Units of Rs.10 per unit		
UTI Liquid Cash Plan Institutional - Daily Income Option - Re investment	-	79,014,953
Nil (2007: 77,507) Units of Rs.1000 per unit		
UTI Fixed Income Interval Fund-Quaterly Interval Plan Series-I - Institutional Dividend Plan - Re-investment	500,000,000	-
50,000,000 (2007: Nil) Units of Rs.10 per unit		
UTI Fixed Income Interval Fund - Quarterly Plan Series - III- Institutional Dividend - Re-investment	503,982,555	-
50,398,255 (2007: Nil) Units of Rs.10 per unit		
UTI Fixed Maturity Plan - QFMP (02/08-I) - Institutional Dividend Plan - Re-investment	252,068,728	-
25,206,872 (2007: Nil) Units of Rs.10 per unit		
ING Global Real Estate Fund	100,000,000	-
10,000,000 (2007: Nil) Units of Rs.10 per unit		
(iii)	**32,515,336,009**	**408,495,237**
C. Other than trade – Quoted Equity Shares****		
AIA Engineering Limited	3,678,629	-
(2,442 (2007: Nil) shares of Rs.10 each, fully paid up)		
BASF India Limited	2,614,320	-
(13,462 (2007: Nil) shares of Rs.10 each, fully paid up)		
Bharath Earth Movers Limited	3,880,756	-
(3,916 (2007: Nil) shares of Rs.10 each, fully paid up)		
Container Corporation of India Limited	3,971,066	-
(2,301 (2007: Nil) shares of Rs.10 each, fully paid up)		

Schedules forming part of Balance Sheet as at March 31, 2008

(Amount in Rupees)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 6 INVESTMENTS (Contd.)		
Coromandel Fertilisers Limited	2,929,365	-
(24,952 (2007: Nil) shares of Rs.2 each, fully paid up)		
Crompton Greaves Limited	3,328,538	-
(12,084 (2007: Nil) shares of Rs.2 each, fully paid up)		
Gammon India Limited	3,618,189	-
(9,404 (2007: Nil) shares of Rs.2 each, fully paid up)		
Great Offshore Limited	2,990,906	-
(4,666 (2007: Nil) shares of Rs.10 each, fully paid up)		
HDFC Limited	5,030,791	-
(2,114 (2007: Nil) shares of Rs.10 each, fully paid up)		
Hindustan Dorr - Oliver Limited	2,622,600	-
(27,826 (2007: Nil) shares of Rs.2 each, fully paid up)		
ICICI Bank Limited	4,358,651	-
(5,665 (2007: Nil) shares of Rs.10 each, fully paid up)		
KEC International Limited	2,702,395	-
(4,128 (2007: Nil) shares of Rs.10 each, fully paid up)		
Larsen and Tourbro Limited	7,134,483	-
(2,350 (2007: Nil) shares of Rs.2 each, fully paid up)		
Moser Baer (I) Limited	2,153,379	-
(14,153 (2007: Nil) shares of Rs.10 each, fully paid up)		
Navin Flourine International Limited	2,727,983	-
(12,369 (2007: Nil) shares of Rs.10 each, fully paid up)		
Reliance Industries Limited	6,486,985	-
(2,863 (2007: Nil) shares of Rs.10 each, fully paid up)		
Reliance Energy Limtied	2,825,670	-
(2,259 (2007: Nil) shares of Rs.10 each, fully paid up)		
Welspun Gujrat Stahl Rohren Limited	2,817,685	-
(7,354 (2007: Nil) shares of Rs.5 each, fully paid up)		
(iv)	**65,872,391**	**-**
D. Other than trade – Unquoted Equity Shares****		
Sai Rayalaseema Paper Mills Limited	3,927,001	-
(323,210 (2007: Nil) shares of Rs.10 each, fully paid up)		
(v)	**3,927,001**	**-**
Total (i)+(ii)+(iii)+(iv)+(v)	**47,803,096,209**	**13,440,322,103**

* Includes Balance of unutilised monies raised by way of IPO - Rs. NIL (2007: Rs. 405,771,006)

** Aggregate market value as at March 31, 2008 - Rs. 50,000,000 (2007: Rs. 143,952,123).

*** Aggregate Net Asset Value as at March 31, 2008 -Rs. 32,465,336,009 (2007: Rs. 268,799,864).

**** Aggregate market value as at March 31, 2008 - Rs. 69,799,392 (2007: Rs. Nil)

Schedules forming part of Balance Sheet as at March 31, 2008

(Amount in Rupees)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 7 CASH AND BANK BALANCES		
Balances with Scheduled Banks		
- On Current Account - Balance of unutilised monies raised by way of IPO	163,592	3,038,405
- On Current Accounts - Others	23,507,813	6,036,748
- On Deposit Accounts - Balance of unutilised monies raised by way of IPO	-	2,500,000,000
- On Deposit Accounts - Others	980,000,000	612,500,000
- On Margin Money accounts*	77,825,031	69,621,584
Total	**1,081,496,436**	**3,191,196,737**

*includes Rs. 65,400,000 out of balance of unutilised monies raised by way of IPO

SCHEDULE 8 OTHER CURRENT ASSETS (Unsecured, considered good)		
Interest accrued but not due	33,645,500	43,947,587
Dividend receivable	7,572,320	2,776,992
Total	**41,217,820**	**46,724,579**

SCHEDULE 9 LOANS AND ADVANCES (Unsecured and considered good, unless otherwise stated)		
Loan to a Subsidiary Company	858,895,000	150,495,000
Advance towards investments in subsidiary companies	10,541,624,264	1,453,921,000
Advances recoverable in cash or in kind or for value to be received (Considered good)	400,183,492	25,119,333
Advance Tax (net of provisions)	887,501	20,678,586
Deposits with others	316,143,600	50,281,738
Total	**12,117,733,857**	**1,700,495,657**

SCHEDULE 10 CURRENT LIABILITIES		
A) Liabilities		
Sundry Creditors		
Dues to Micro and Small Enterprises	-	-
Dues to other than Micro and Small Enterprises	124,684,318	8,673,764
Share Application Money Refunds - Not claimed	723,180	795,742
Interest accrued but not due	79,863,000	931,500
Other Liabilities	6,871,138	6,169,434
	212,141,636	16,570,440
B) Provisions		
Provision for employee benefits	468,715	581,785
	468,715	581,785
Total	**212,610,351**	**17,152,225**

Schedules forming part of Profit and Loss Account for the year ended March 31, 2008

(Amount in Rupees)

	Year ended March 31, 2008	Year ended March 31, 2007
SCHEDULE 11 OPERATING INCOME		
Dividend from Subsidiary Companies	7,572,320	165,808,856
Dividend from Others	743,739,839	26,680,818
Income from Management and Services	100,000,000	-
Interest income - Gross [Tax Deducted at source Rs.7,740,891 (2007: Rs.18,645,702)]	176,358,242	141,454,607
Total	**1,027,670,401**	**333,944,281**

SCHEDULE 12 OTHER INCOME		
Profit on sale of short term investments (net)	80,732,124	2,344,800
Miscellaneous Income	13,561,114	5,056,143
Total	**94,293,238**	**7,400,943**

SCHEDULE 13 ADMINISTRATION AND OTHER EXPENSES		
Salaries, Allowances and Benefits to employees	53,635,701	3,289,486
Contribution to provident fund and others	5,872,620	47,769
Staff welfare expenses	51,708	99,890
Rent	5,250,924	1,407,583
Rates and Taxes	8,522,768	176,131
Repairs and Maintenance	246,503	156,808
Insurance	590,302	489,742
Consultancy and Professional Charges	14,479,105	8,624,559
Directors' sitting fees	1,420,000	1,230,000
Provision for Diminution in value of Investments	65,363,174	56,906,860
Travelling and Conveyance	7,267,352	2,594,525
Gain/(loss) on foreign exchange fluctuations	6,780	35,613
Fixed Assets Written off	-	1,176,462
Advertisement	29,202,760	8,363,418
Printing and Stationery	4,939,340	585,844
Meetings and Seminars	3,730,319	187,527
Miscellaneous Expenses	11,022,490	1,714,328
Total	**211,601,846**	**87,086,545**

SCHEDULE 14 FINANCE CHARGES		
Interest on Debentures / Fixed Period Loans	191,357,178	137,496,408
Interest - Others	27,531,535	36,495,291
Bank and other finance charges	34,766,605	25,559,138
Total	**253,655,318**	**199,550,837**

Notes forming part of the Accounts

Statement on Significant Accounting Policies and Notes to the Accounts

SCHEDULE | 15 | SIGNIFICANT ACCOUNTING POLICIES

I. SIGNIFICANT ACCOUNTING POLICIES

Accounting Assumptions

These accounts have been prepared under the historical cost convention on the basis of a going concern, with revenues recognised and expenses accounted on their accrual and amounts determined as payable or receivable during the year except those with significant uncertainties and in accordance with the Generally Accepted Accounting Principles (GAAP) applicable in India and the provisions of the Indian Companies Act, 1956.

Revenue Recognition

The Company recognises significant items of income and expenditure on accrual basis except in case of those with significant uncertainties. Dividends declared by subsidiary companies after the Balance Sheet date, are recognised as income in the year to which they relate if they are declared before the approval of the financial statements by the Board of Directors.

Income from management/technical services is recognised as per the terms of the agreement and on the basis of services rendered.

Fixed Assets

Fixed Assets are stated at cost of acquisition less depreciation. Cost of acquisition is inclusive of freight, duties, levies and all incidentals attributable to bringing the asset to its working condition.

All the fixed assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment (being the excess of carrying value over the recoverable value of the asset) is charged to the Profit and Loss account in the respective financial year. The impairment loss recognised in the prior years is reversed where the recoverable value exceeds the carrying value of the asset upon re-assessment in the subsequent years.

Depreciation

Depreciation is provided on straight line method at the rates specified under Schedule XIV to the Companies Act, 1956 except for assets of less than Rs. 5,000, which are fully depreciated in the year of acquisition.

Leasehold improvements are amortised over the lease or estimated useful life whichever is shorter

Investments

Long term investments are valued at cost and provision for diminution in value is made for any decline, other than temporary, in the value of such investments for each category. The Current investments are valued at cost or market value whichever is lower. Cost of acquisition is inclusive of expenditure incidental to acquisition. Income from investments is recognised in the year in which it is accrued and stated at gross.

Foreign Currency Transactions

All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions. Monetary assets and monetary liabilities are translated at the exchange rate prevailing on the balance sheet date and the resultant gain/loss is recognised in the financial statements.

Non-Monetary Assets and Liabilities are translated at the rate prevailing on the date of transaction

Retirement Benefits

a) **Defined Contribution Plans**

Contributions paid/payable to defined contribution plans comprising of provident fund and pension fund are charged on accrual basis.

The Company also has a defined contribution superannuation plan (under a scheme of Life Insurance Corporation of India) covering all its employees and contributions in respect of such scheme are charged on accrual basis in the Profit and Loss Account. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.

b) **Defined Benefit Plan**

Gratuity for employees is covered under a scheme of Life Insurance Corporation of India and contributions in respect of such scheme are recognised in the Profit and Loss Account. The liability as at the Balance Sheet date is provided for based on the actuarial valuation in accordance with the requirements of revised AS 15 as at the end of the year.

c) **Other Long term employee benefits**

Other Long term employee benefits comprise of leave encashment which is provided for based on the actuarial valuation carried out in accordance with revised AS 15 as at the end of the year.

d) **Short term employee benefits**

Short term employee benefits, including accumulated compensated absences as at the Balance Sheet date, are recognised as an expense as per Company's schemes based on the expected obligation on an undiscounted basis

Earnings Per Share

The earnings considered in ascertaining the company's Earnings Per Share (EPS) comprise the net profit after tax less dividend (including dividend distribution tax) on preference shares. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year.

Notes forming part of the Accounts

SCHEDULE | 15 | NOTES TO ACCOUNTS

Taxes on Income

Current tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised on timing differences; being the difference between the taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities have been computed on the timing differences applying the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

II. NOTES TO ACCOUNTS

1. **Contingent Liabilities:**
   a) Corporate Guarantees issued in respect of borrowings availed by subsidiary companies - Rs. 28,898,700,000 (2007 – Rs. 3,837,334,323).
   b) Matters relating to Income Tax under dispute – Rs. Nil (2007 – Rs. 4,127,391).
2. **Capital Commitments**
   a) Investment in subsidiary companies including contribution towards equity shares and commitment towards subordinated debt - Rs. 2,424,159,200 (2007 Rs. 4,028,400,000).
   b) Investment in equity shares of joint venture – Rs. 882,157,843 (March 2007 – Rs. Nil)
3. During the year ended March 31, 2007, pursuant to the decision of the shareholders of the Company at their Extra Ordinary General Meetings, 28,510,206 equity shares of face value of Rs. 10 each were allotted as a Pre-IPO preferential allotment, to various parties at an aggregate share premium of Rs. 5,157,374,405.
4. During the year ended March 31, 2007, pursuant to the decision of the shareholders of the Company at the Extra Ordinary General Meeting held on February 28, 2006; 38,136,980 equity shares of face value of Rs. 10 each have been allotted by way of Initial Public Offer (IPO) on August 17, 2006 and August 24, 2006. The details of funds received and their utilisation upto March 31, 2008 are given below:

(Amount in Rupees)

Particulars	As at March 31, 2008	As at March 31, 2007
Equity Share Capital	381,369,800	381,369,800
Share Premium (Refer Note (i) below)	7,567,867,038	7,567,867,038
Interest on delayed payment of call money	547,887	457,455
Less: Calls unpaid	173,213	746,863
Total	**7,949,611,512**	**7,948,947,430**
Utilisation		
Investment in Subsidiary Companies (including Share Application Money, pending allotment) – Refer Note (ii) below	5,099,513,690	2,206,532,500
Repayment of Unsecured Loans	550,000,000	550,000,000
Payment to GMR Holdings Private Limited and GMR Operations Private Limited for acquisition of equity shares of GVL Investments Private Limited	1,558,564,340	1,558,564,340
Expenses incurred towards the IPO	645,969,890	629,641,179
Deposit with Securities and Exchange Board of India (SEBI)	30,000,000	30,000,000
Margin Money towards Bank Guarantee issued to SEBI	65,400,000	65,400,000
Total Utilisation	**7,949,447,920**	**5,040,138,019**
Balance of unutilised monies out of IPO, details of which are given below:	**163,592**	**2,908,809,411**
Investments in Short Term Securities (included in Schedule 6)	–	405,771,006
Investments in Fixed Deposits (included in Schedule 8)	–	2,500,000,000
Amount lying in current accounts	163,592	3,038,405
Total	**163,592**	**2,908,809,411**

Notes:

(i) In case of 5,669,425 equity shares allotted to the retail investors category, a discount of five percent on the issue price was given in accordance with the terms of the Company's prospectus dated August 7, 2006.

(ii) Represent investment made directly by the company, through its subsidiary companies and by way of repayment of loans taken for the purpose of investment in subsidiary companies.

Notes forming part of the Accounts

SCHEDULE | 15 | NOTES TO ACCOUNTS (Contd.)

5. Pursuant to the decision of the shareholders of the Company at the Extra Ordinary General Meeting held on November 26, 2007, 165,238,088 equity shares of face value of Rs. 2 each have been allotted to Qualified Institutional Buyers (QIB) at a premium of Rs. 238 per share on December 12, 2007 and received an amount of Rs. 39,657,141,120. The net proceeds after the issue expenses will be utilized towards capital expenditure for various projects under development (either directly or through our subsidiaries, joint ventures or affiliates), general corporate purposes including working capital and strategic initiatives and acquisitions in India and abroad. Pending utilisation for the purposes described above, the funds have been invested in Mutual Funds and bonds.

6. Employee Benefits

   Effective April 01, 2007 the Company has adopted Accounting Standard - 15 (Revised) on "Employee Benefits" issued by the Institute of Chartered Accountants of India. The following table sets forth the status of the Gratuity Plan of the Company and the amounts recognised in the Balance Sheet:

Particulars	Year ended March 31, 2008
Projected benefits obligation at the beginning of the year	204,793
Current service cost	32,470
Interest cost	16,383
Actuarial loss/(gain)	(25,875)
Benefits paid	(481)
Projected benefit obligation at the end of the year	**227,290**
Amounts recognised in the balance sheet	
Projected benefit obligation at the end of the year	227,290
Fair value of plan assets at end of the year	661,589
Funded status of the plans –(asset)/liability	**434,299**
Cost for the year	
Current service cost	32,470
Interest cost	16,383
Expected return on plan assets	(48,424)
Net actuarial (gain)/loss recognised in the year	(18,006)
Net Cost	**(17,577)**
Assumptions	
Discount Rate	8.00%
Estimated rate of return on plan assets	8.00%
Expected rate of salary increase	6.00%

Notes:

(i) This being the first year of disclosure, previous year figures have not been furnished.

Notes forming part of the Accounts

SCHEDULE | 15 | NOTES TO ACCOUNTS (Contd.)

7. (i) The following long term unquoted investments included in Schedule 6 have been pledged/subjected to negative lien/frozen by the Company towards borrowings of the Company or the investee companies:

(Amount in Rupees)

Description	No of Shares	Carrying value As at March 31, 2008
GMR Energy Limited	81,518,532	990,450,163
(Equity shares of Rs. 10 each fully paid up)	(185,862,254)	(2,258,226,386)
GMR Hyderabad International Airport Limited	25,501	255,010
(Equity shares of Rs. 10 each fully paid up)	(25,501)	(255,010)
GMR Pochanpalli Expressways Private Limited	19,002,600	190,026,000
(Equity shares of Rs. 10 each fully paid up)	(19,002,600)	(190,026,000)
GMR Jadcherla Expressways Private Limited	16,227,202	162,272,020
(Equity shares of Rs. 10 each fully paid up)	(16,227,202)	(162,272,020)
GMR Ambala Chandigarh Expressways Private Limited	13,774,800	137,748,000
(Equity shares of Rs. 10 each fully paid up)	(13,774,800)	(137,748,000)
GMR Ulundurpet Expressways Private Limited	27,367,875	273,678,750
(Equity shares of Rs. 10 each fully paid up)	(27,367,875)	(273,678,750)
GMR Tuni Anakapalli Expressways Private Limited	-	-
(9.5% Preference Shares of Rs. 100 each fully paid up)	(1,944,500)	(194,450,000)
GMR Tambaram Tindivanam Expressways Private Limited	-	-
(9.5% Preference Shares of Rs. 100 each fully paid up)	(2,651,000)	(265,100,000)

Notes:

Previous year figures are mentioned in brackets.

8. The Company is an investment Company and has certain activity service. Since the income from service is below the threshold limit prescribed in the Accounting Standard 17 "Segment Reporting" issued by Institute of Chartered Accountants of India no separate segment reporting / disclosure are considered necessary.

9. **Related Party Transactions**

a) Name of Related Parties and description of relationship:

Description of Relationship	Name of the Related Parties
Holding Company	GMR Holdings Private Limited (GHPL)
Subsidiary Companies	GMR Energy Limited (GEL)
	GMR Power Corporation Private Limited (GPCPL)
	Vemagiri Power Generation Limited (VPGL)
	GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL)
	GMR Hyderabad International Airport Limited (GHIAL)
	Delhi International Airport Private Limited (DIAL)
	Gateways for India Airports Private Limited (GFIAPL)
	GMR Tuni-Anakapalli Expressways Private Limited (GTAEPL)
	GMR Tambaram-Tindivanam Expressways Private Limited (GTTEPL)
	GMR Jadcherla Expressways Private Limited (GJEPL)
	GMR Pochanpalli Expressways Private Limited (GPEPL)
	GMR Ambala Chandigarh Expressways Private Limited (GACEPL)
	GMR Ulundurpet Expressways Private Limited (GUEPL)
	GMR Mining and Energy Private Limited (GMEPL)
	GVL Investments Private Limited (GVL)
	Hyderabad Menzies Air Cargo Private Limited (HMACPL)

Notes forming part of the Accounts

SCHEDULE | 15 | NOTES TO ACCOUNTS (Contd.)

Description of Relationship	Name of the Related Parties
	GMR Corporate Center Limited (GCCL)
	GMR Aviation Private Limited (GAPL)
	GMR Krishnagiri SEZ Limited (GKSL)
	GMR Kamalanga Energy Limited (GKEL)
	Himtal Hydro Power Company (P) Limited (HHPCPL)
	GMR Energy Trading Limited (GTEL)
	GMR Consulting Engineers Private Limited (GCEPL)
	GMR Oil and Natural Gas Private Limited (GONGPL)
	Delhi Aerotropolis Private Limited (DAPL)
	DIAL Cargo Private Limited (DCPL)
	Hyderabad Airport Security Services Limited (HASCL)
	GMR Hyderabad Airport Resources Management Limited (GHARML)
	GMR Hyderabad Aerotropolis Limited (GHAL)
	GMR Hyderabad Aviation SEZ Limited (GHASL)
	GMR Hyderabad Multiproduct SEZ Limited (GHMSL)
	GMR Infrastructure (Mauritius) Limited (GIML)
	GMR Infrastructure (Cyprus) Limited (GICL)
	GMR Infrastructure Overseas Sociedad Limted (GIOSL)
	GMR Infrastructure (UK) Limited (GIUL)
	GMR Energy (Mauritius) Limited (GEML)
Enterprises where significant influence exists	Sri Varalakshmi Jute Twine Mills Private Limited (SVJTMPL)
	Istanbul Sabiha Gokecen Ulslarasi Havalimani
	Yatirim Yapim Ve Isletme Anonim Sirketi (SGIA)
Fellow Subsidiaries	GMR Industries Limited (GIDL)
	Raxa Security Services Limited (RSSL)
	GMR Properties Private Limited (GPPL)
	GMR Projects Private Limited (GMR Projects)
	GMR Highways Private Limited (GMR Highways)
	GMR Corporate Affairs Private Limited (GCAPL)
Enterprises where Key Management Personnel and their relatives exercise significant influence	GMR Varalakshmi Foundation (GMRVF)
Key Management Personnel and their relatives	Mr. G. M. Rao (Chairman)
	Mr. G. B. S. Raju (Managing Director)
	Mr. Kiran Kumar Grandhi (Director)
	Mr. Srinivas Bommidala (Director)
	Mr. B. V. N. Rao (Director)

Notes forming part of the Accounts

SCHEDULE | 15 | NOTES TO ACCOUNTS (Contd.)

b) Summary of transactions with the above related parties is as follows:

(Amount in Rupees)

Nature of transaction	2008	2007
Dividend received / receivable		
- Subsidiary Company - GEL	10,349,312	163,031,864
Service Income		
- Fellow Subsidiary - GPPL	112,360,000	-
Rent Deposit Given		
- Enterprises where key Management personnel and their relatives exercise significant influence - GPPL	-	19,593,600
Refund of Rent Deposit		
- Fellow Subsidiary - GPPL	19,593,600	-
Deposit given		
- Subsidiary Company - GCCL	285,790,000	-
Security Services rendered by		
- Fellow Subsidiary - RSSL	138,518	314,022
Purchase of equity shares from		
- Holding Company	9,999,000	3,993,264,000
- Key management personnel and their relatives		
- G. M. Rao	-	74,200
- G. B. S. Raju	-	76,200
- Kiran Kumar Grandhi	-	200
- Srinivas Bommidala	-	67,200
Sale of equity shares to		
- Subsidiaries		
- GVL	2,000,000	-
- Key management personnel and their relatives		
- G. M. Rao	-	1,600
Interest free Unsecured Loans repaid to		
- Holding Company - GHPL	-	2,980,400,000
Interest free loans given to		
- Subsidiary Company		
- GVL	-	521,000,000
- VPGL	-	220,000,000
Interest free loan recovered from		
- Subsidiary Company		
- GVL	31,600,000	370,505,000
- VPGL	-	220,000,000
Share application money invested in		
- Subsidiary Company		
- GHIAL	1,026,288,000	-
- GACEPL	257,495,000	279,000,000
- GJEPL	270,000,000	526,516,750
- GPEPL	90,000,000	621,660,000
- GUEPL	100,000,000	912,200,000
- DIAL	3,265,500,000	1,122,000,000
- GEL	1,934,604,913	-

Notes forming part of the Accounts

SCHEDULE | 15 | NOTES TO ACCOUNTS (Contd.)

b) Summary of transactions with the above related parties is as follows: (Contd.)

(Amount in Rupees)

Nature of transaction	2008	2007
- GVL	5,321,512,200	-
- GAPL	863,500,000	-
- GKSL	455,575,000	-
- GFIAPL	925,000	400,000
- GONGPL	100,000	-
- GIML	1,966,461	-
- Fellow Subsidiary		
- GCAPL	13,900,000	-
Refund of Share application money		
- Subsidiary Company		
- GEL	47,603,200	56,750,000
- GACEPL	-	56,750,000
- DIAL	-	500,000,000
- GAPL	274,320,000	-
- GFIAPL	84,548,000	-
- GVL	774,512,200	-
- Others	-	157,500
- Fellow Subsidiary		
- GCAPL	13,900,000	-
Investment in Equity Shares		
- Subsidiary Company (Refer Note (c) below)		
- GACEPL	186,278,200	270,000,000
- GJEPL	-	540,816,750
- GPEPL	-	633,330,000
- GUEPL	-	912,172,500
- DIAL	1,555,000,000	622,000,000
- GAPL	190,000,000	-
- GKEL	1,000	-
- GKSL	500,000	-
- GMIL	39	-
- Enterprises where significant influence exists		
- SGIA	219,620,992	-
Investment in Preference shares of		
- Subsidiary Company - GEL	1,387,001,710	734,494,250
Logo license fees paid/payable to		
- Holding Company - GHPL	-	1,000
Redemption of Preference share by		
- Subsidiary Company		
- GTAEPL	575,572,000	-
- GTTEPL	784,696,000	-
Loans Given to		
- Subsidiary Company		
- GTAEPL	324,860,000	-
- GTTEPL	415,140,000	-
Managerial Remuneration to		
- Key management personnel and their relatives		
- G.M Rao	32,770,662	
- G. B. S. Raju	19,662,397	

Notes forming part of the Accounts

SCHEDULE | 15 | NOTES TO ACCOUNTS (Contd.)

b) Summary of transactions with the above related parties is as follows: (Contd.)

(Amount in Rupees)

Nature of transaction	2008	2007
Balance Payable/(Recoverable)		
- Holding Company	-	1,000
- Subsidiary Company	(1,152,257,320)	(150,495,000)
- Fellow Subsidiaries	-	(19,593,600)
- Key Management Personnel and their relatives	19,741,550	-

Notes:

a) The Company has provided securities by way of pledge of investments for loans taken by certain companies.

b) Certain Key Management Personnel have extended personal guarantees as security towards borrowings of the Company and other bodies corporate. Similarly the holding company has pledged certain shares held in the Company and other bodies corporate as security towards the borrowings of the Company.

c) Includes allotment of equity share out of Share Application money paid in earlier years.

d) Transactions and outstanding balances in the nature of reimbursement of expenses incurred by one company on behalf of the other have not been considered above.

10. The company has entered into certain operating lease agreements and an amount of Rs. 5,250,924 (2007: Rs. 1,407,583) paid during the year under such agreements has been disclosed as rent under Schedule 13. These agreements are cancelable in nature.

11. Earnings Per Share (EPS)

Calculation of EPS - (Basic and Diluted)

(Amount in Rupees)

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Nominal Value of Equity Shares (Rs. per Share) [Refer Note - (iii) below]	2	2
Total number of Equity Shares outstanding at the beginning of the year	1,655,420,000	1,322,184,070
Add: Issue of Equity Shares on preferential basis on various dates [Refer Note 3 above]	-	142,551,030
Add: Issue of Equity Shares through initial public offer (Refer Note 4 above)	-	190,684,900
Add: Issue of Equity Shares through Qualified Institutional Placement (QIP) [Refer Note - 5 above]	165,238,088	-
Total number of Equity Shares outstanding at the end of the year	**1,820,658,088**	**1,655,420,000**
Weighted average number of Equity Shares outstanding at the end of the year	1,705,071,192	1,570,002,330
Net Profit after tax for the purpose of EPS	626,982,980	28,781,915
EPS - Basic and Diluted (Rs.)	0.37	0.02

Notes:

(i) As at March 31, 2008, Rs.11,625 (2007: Rs. 50,125) was receivable towards Equity Shares and for the computation of weighted average number of Equity Shares outstanding at the end of the year, these have been considered as partly paid-up shares.

(ii) Since the company did not have any dilutive securities, the basic and diluted earning per share are the same.

(iii) Pursuant to the approval for the subdivision of the equity shares of the Company in the Annual General Meeting held on August 30, 2007, each equity share carrying a face value Rs. 10 each has been subdivided into 5 equity shares of Rs. 2 each on October 8, 2007, being the record date. Accordingly, the weighted average number of shares for both the current and corresponding previous year has been adjusted to reflect such subdivision while calculating the earnings per share.

Notes forming part of the Accounts

SCHEDULE | 15 | NOTES TO ACCOUNTS (Contd.)

12. Deferred tax liability (net) as at March 31, 2008 comprises of:

(Amount in Rupees)

S. No	Particulars	2008 Deferred tax Asset	2008 Deferred tax liability	2007 Deferred tax Asset	2007 Deferred tax liability
1	Depreciation	-	436,074	-	612,867
2	Preliminary Expenses	2,041	-	4,081	-
3	Other 43B disallowances	159,316	-	514,338	-
	Total	**161,357**	**436,074**	**518,419**	**612,867**
	Deferred tax liability (net)		**274,717**		**94,448**

Notes:

In view of the management's assessment that the future income in the form of dividends is tax free, deferred tax asset on carry/brought forward losses have not been recognised by the Company, on the grounds of prudence.

13. Information on Joint Ventures as per Accounting Standard 27 as at March 31, 2008

(Amount in Rupees)

Name of the Joint Venture	GMR Hyderabad International Airport Limited (GHIAL)		Delhi International Airport Private Limited (DIAL) (Refer Note (b) below)		Istanbul Sabiha Gokecen Ulslarasi Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi (SGIA) (Refer Note (c) below)
	2008	**2007**	**2008**	**2007**	**2008**
(1) Share in ownership and voting power of the company	63.00%	63.00%	31.10%	31.10%	35.00%
(2) Country of incorporation	India	India	India	India	Turkey
(3) Contingent Liabilities Company has incurred in relation to Joint Venture	-	-	17,500,000,000	3,040,000,000	882,157,843
(4) Company's share of contingent liabilities of joint venture	119,823,370	-	1,788,606,095	1,707,416,435	-
(5) Company's share of capital commitments of the joint venture	1,022,613,283	4,078,278,503	13,189,018,309	18,038,954,770	-
(6) Aggregate amount of company's share in each of the following:					
(a) Current Assets	1,300,873,019	451,630,567	1,519,644,898	588,241,883	187,910,501
(b) Fixed Assets (including Capital work in progress and pre - operative expenditure, pending allocation)	15,589,366,107	7,208,672,403	9,041,294,657	1,377,499,860	2,990,087
(c) Investments	566,140,667	271,798,823	2,738,485,931	160,986,351	-
(d) Current Liabilities and Provisions	3,100,972,887	480,452,959	1,234,384,813	900,596,599	3,462,648
(e) Borrowings	11,850,409,655	5,481,956,165	7,775,000,000	467,981,604	-
(f) Income	63,475,675	-	1,470,836,869	993,350,483	411,776
(g) Expenditure	396,876,744	-	1,196,249,682	852,691,403	13,932,335

Notes:

(a) Disclosure of Financial Data as per Accounting Standard - 27 'Financial Reporting of Interest in the joint venture has been done based on the audited financial statements of GHIAL and DIAL and unaudited financial statements of SGIA as on March 31, 2008.

Notes forming part of the Accounts

SCHEDULE | 15 | NOTES TO ACCOUNTS (Contd.)

Notes:

(b) The Company directly holds 31.1% of the equity shares of DIAL and 19.00% of the equity shares through its subsidiary companies.

(c) The Company directly holds 35% of the equity shares of SGIA and 5% of the equity shares through its subsidiary companies.

14. Details of Investments purchased and sold during the year ended March 31, 2008

Particulars	Purchased		Sold	
	No. of Units	Amount (in Rupees)	No. of Units	Amount (in Rupees)
Bonds				
9.25% Oriental Bank of Commerce 2021	–	–	–	–
	(190)	(190,399,000)	(190)	(190,845,500)
Indian Overseas Bank	–	–	–	–
	(250)	(250,000,000)	(250)	(250,687,350)
9.1% West Bengal Industrial Development Finance Corporation 2016	–	–	–	–
	(250)	(252,500,000)	(250)	(253,408,450)
7.1% Power Grid Corporation of India 2016	–	–	–	–
	(50)	(44,792,500)	(50)	(45,095,000)
8.8% Power Finance Corporation 2016	–	–	–	–
	(40)	(40,600,000)	(40)	(40,600,000)
Total – (A)		**(778,291,500)**		**(780,636,300)**
Mutual Funds				
ABN Amro Insitutional Plus-Daily Dividend	200,000,000	2,000,000,000	200,125,874	2,001,258,747
	(18,000,000)	(180,000,000)	(18,067,446)	(180,674,461)
ABN Amro Money Plus Institutional Plan – Daily Dividend	200,123,873	2,001,258,747	200,729,041	2,007,290,408
	(–)	(–)	(–)	(–)
ABN Amro Interval Fund Monthly Plan	20,000,000	200,000,000	20,121,350	201,213,497
	(–)	(–)	(–)	(–)
AIG Liquid Fund Super Institutional Daily Dividend	1,998,373	2,000,000,000	1,999,219	2,000,846,123
	(–)	(–)	(–)	(–)
AIG Treasury Plus Fund Super Institutional Daily Dividend	199,843,797	2,000,846,123	200,928,547	2,011,495,683
	(–)	(–)	(–)	(–)
Birla Cash Plus - Instl. Prem. - Daily Dividend -Reinvestment	470,532,462	4,714,500,000	470,830,889	4,717,490,090
	(–)	(–)	(–)	(–)
Birla Sun Life Liquid Plus – Instl. – Daily Dividend Reinvestment	446,386,788	4,466,903,313	449,694,207	4,500,000,000
	(–)	(–)	(–)	(–)
Birla Dynamic Bond Fund – Retail – Quarterly Dividend – Reinvestment	16,371,458	170,029,047	16,432,903	170,795,373
	(–)	(–)	(–)	(–)
Birla BSL Interval Income – INSTL – Monthly - Series 1 – Dividend – Payout	50,000,000	500,000,000	50,000,000	500,000,000
	(–)	(–)	(–)	(–)
Can Bank Mutual Fund Institutional Daily Div Reinvestment	–	–	–	–
	(93,118,215)	(935,000,000)	(93,204,768)	(935,869,079)
Can Bank ST Growth	21,157,931	250,000,000	21,157,931	252,462,298
	(–)	(–)	(–)	(–)

Notes forming part of the Accounts

SCHEDULE | 15 | NOTES TO ACCOUNTS (Contd.)

14. Details of Investments purchased and sold during the year ended March 31, 2008 (Contd.)

Particulars	Purchased		Sold	
	No. of Units	Amount (in Rupees)	No. of Units	Amount (in Rupees)
Can Bank Robeco Floating rate ST Daily Dividend	233,161,598 (-)	2,392,238,000 (-)	233,242,171 (-)	2,393,798,552 (-)
Can Bank Robeco Liquid Plus Inst Daily Div	177,390,444 (-)	2200,900,978 (-)	178,534,156 (-)	2,215,091,121 (-)
Chola Liquid Dividend Reinv Plan Fund	- (25,041,120)	- (251,200,000)	- (25,070,861)	- (251,498,345)
DBS Chola Short Term Floating Rate Fund - Daily Div Reinv Plan	184,647199 (-)	1,849,500,000 (-)	184,891,352 (-)	1,851,945,738 (-)
DBS Chola Freedom Income STP Inst - Daily Dividend Reinvestment Plan	131,361,508 (-)	1,313,615,076 (-)	131,996,325 (-)	1,320,084,035 (-)
DSP Merrill Lynch Liquid Plus Inst - Daily Dividend	499,950 (-)	500,000,000 (-)	500,485 (-)	500,535,437 (-)
DWS Insta Cash Plus Fund - Institutional Plan - Daily Dividend	- (4,990,269)	- (50,000,000)	- (5,007,553)	- (50,173,175)
DWS Short Term Floating Rate - Cum. - Growth	21,711,566 (-)	250,000,000 (-)	21,711,566 (-)	255,721,288 (-)
DWS Insta Cash Plus Fund - Institutional Plan - Growth	8,150,956 (-)	100,000,000 (-)	8,150,956 (-)	100,020,377 (-)
DWS Short Maturity Fund - Growth Option	7,579,196 (-)	100,020,377 (-)	7,579,196 (-)	100,437,991 (-)
DWS Insta Cash Plus Fund Super Institutional - Growth Plan	409,124,927 (-)	4,100,437,991 (-)	409,453,077 (-)	4,105,030,977 (-)
DWS Money Plus Advantage Fund - Institutional Plan	49,621,881 (-)	500,000,000 (-)	50,228,148 (-)	508,796,074 (-)
DWS Credit Opportunities Cash Fund - Weekly - Dividend Plan	49,842,001 (-)	500,000,000 (-)	50,428,199 (-)	506,828,613 (-)
DWS Money Plus Fund - Institutional Plan - Daily Dividend	246,065,158 (-)	2,462,669,316 (-)	249,795,168 (-)	2,500,000,000 (-)
G 50 Grindlays - Floating Rate Fund - LT - Inst. Plan B - daily Dividend	6,997,900 (-)	70,000,000 (-)	6,997,900 (-)	70,000,000 (-)
HDFC Liquid Fund Premium Plan - Dividend - Daily Reinvest	163,134,798 (-)	2,000,000,000 (-)	163,161,411 (-)	2,000,326,270 (-)
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Dividend Reinvest - Daily	146,419,067 (-)	1,476,035,975 (-)	148,796,238 (-)	1,500,000,000 (-)
HSBC Cash Fund- Institutional Plus - Daily Dividend	237,437,035 (29,983,209)	2,375,700,000 (300,000,000)	237,583,498 (30,023,656)	2,377,165,449 (300,404,696)
HSBC Flexi Debt Fund - Inst. Growth	9,958,655 (-)	100,015,765 (-)	9,958,655 (-)	100,567,475 (-)
HSBC Cash Fund- Institutional Plus - Growth	8,145,490 (-)	100,567,475 (-)	8,145,490 (-)	101,626,394 (-)
HSBC Liquid Plus - Institutional Plus - Daily Dividend	148,145,104 (-)	1,483,317,671 (-)	149,811,238 (-)	1,500,000,000 (-)

Notes forming part of the Accounts

SCHEDULE | 15 | NOTES TO ACCOUNTS (Contd.)

14. Details of Investments purchased and sold during the year ended March 31, 2008 (Contd.)

Particulars	Purchased		Sold	
	No. of Units	Amount (in Rupees)	No. of Units	Amount (in Rupees)
ICICI Prudential Institutional Liquid Plan	-	-	-	-
	(354,500,000)	(3,545,000,000)	(355,095,953)	(3,550,959,533)
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	44,155,569	500,000,000	44,155,569	514,933,413
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Div- Reinvest Dividend	399,980,001	4,000,000,000	400,267,510	4,002,875,231
	(-)	(-)	(-)	(-)
ICICI Flexible Income Plan Dividend – Daily - Reinvest Dividend	349,400,583	3,694,387,063	354,660,235	3,750,000,000
	(-)	(-)	(-)	(-)
ICICI Liquid Plan - Super Institutional Daily Div	666,846,658	6,668,800,000	667,585,607	6,676,189,868
	(-)	(-)	(-)	(-)
ICICI Prudential Institutional Liquid Plan - Super Institutional Daily	1,283,246,025	12,833,101,876	1,286,885,656	12,869,500,000
	(-)	(-)	(-)	(-)
ING Liquid Fund Super Institutional - Daily Dividend Option	5,073,690	50,761,250	8,727,659	87,318,478
	(212,862,248)	(2,129,128,089)	(213,286,689)	(2,133,384,640)
ING Income Fund - Short Term Plan -Growth Option	32,309,143	453,587,485	32,309,143	457,200,767
	(-)	(-)	(-)	(-)
ING Liquid Fund Super Institutional - Growth Option	52,378,701	605,597,797	52,378,701	607,393,769
	(-)	(-)	(-)	(-)
ING Liquid Plus Fund - Inst. Growth	29,116,912	300,332,214	29,116,912	303,587,485
	(-)	(-)	(-)	(-)
ING Liquid Fund - Super Institutional - Daily Dividend Option	23,988,485	240,000,000	24,004,184	240,157,061
	(-)	(-)	(-)	(-)
ING Liquid Fund – Super Institutional Daily Dividend Option	641,134,398	6,414,421,422	643,580,094	6,438,890,129
	(-)	(-)	(-)	(-)
ING Liquid Plus Fund - Institutional Daily Dividend	212,241,724	2,123,117,639	214,985,022	2,150,559,669
	(4,030,848)	(40,350,000)	(4,037,960)	(40,421,289)
ING Income Fund – Short Term Plan – Growth	13,922,729	200,000,000	13,922,729	201,486,947
	(-)	(-)	(-)	(-)
ING Liquid Fund – Super Institutional – Growth Option	20,148,695	201,486,947	20,352,512	203,525,120
	(-)	(-)	(-)	(-)
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend	199,670,544	2,000,000,000	199,808,851	2,001,385,354
	(9,983,527)	(100,000,000)	(9,995,033)	(100,115,248)
JM Money Manager Fund Super Plus Plan - Daily Dividend	249,374,079	2,494,763,226	251,819,771	2,519,230,173
	(-)	(-)	(-)	(-)
JM High Liquidity Fund - Super Institutional Plan - Daily Dividend (92)	99,835,272	1,000,000,000	99,852,557	1,000,173,132
	(-)	(-)	(-)	(-)
Kotak - Flexi Debt Scheme - Daily Dividend	97,506,535	978,097,800	99,689,964	1,000,000,000
	(-)	(-)	(-)	(-)
Kotak Liquid (Institutional Premium) - Daily Dividend	245,336,561	3,000,000,000	245,489,706	3,001,872,677
	(-)	(-)	(-)	(-)
LICMF LIQUID FUND - DIVIDEND PLAN	362,889,834	3,984,566,661	364,310,273	4,000,163,233
	(-)	(-)	(-)	(-)
LIC Liquid Fund - Dividend Plan	475,860,876	5,225,000,000	476,193,873	5,228,656,349
	(119,079,061)	(1,307,500,000)	(119,791,459)	(1,315,315,168)

Notes forming part of the Accounts

SCHEDULE | 15 | NOTES TO ACCOUNTS (Contd.)

14. Details of Investments purchased and sold during the year ended March 31, 2008 (Contd.)

Particulars	Purchased		Sold	
	No. of Units	Amount (in Rupees)	No. of Units	Amount (in Rupees)
LIC Liquid Fund - Growth Plan	34,727,769 (-)	500,000,000 (-)	34,727,769 (-)	500,419,103 (-)
LIC Plus fund – Daily Dividend Plan	541,747,959 (-)	5,506,755,642 (-)	555,100,000 (-)	5,551,000,000 (-)
LIC LIQUID PLUS FUND - GROWTH PLAN	33,972,018 (-)	400,220,071 (-)	33,972,018 (-)	406,615,056 (-)
Lotus India Super Institutional Daily Dividend	200,233,038 (-)	2,002,450,522 (-)	200,118,786 (-)	2,003,653,838 (-)
Lotus India Liquid Plus Fund - Institutional Daily Dividend	99,908,540 (-)	1,000,653,965 (-)	100,087,914 (-)	1,002,450,522 (-)
Lotus India Short Term Plan - Institutional Daily Dividend	39,559,916 (-)	400,061,515 (-)	39,718,540 (-)	401,884,100 (-)
Lotus India Liquid Plus Fund - Institutional Daily Dividend	99,031,430 (-)	991,869,097 (-)	99,843,246 (-)	1,000,000,000 (-)
Lotus India Liquid Fund - Super Institutional Daily Dividend	117,569,313 (-)	1,175,893,000 (-)	117,593,633 (-)	1,176,136,239 (-)
Principal Cash Management Fund	– (129,990,901)	– (1,300,000,000)	– (130,165,145)	– (1,301,742,567)
Principal Floating Rate Fund FMP Insti. Optio -Dividend Reinvestment Daily	148,207,929 (-)	1,483,902,247 (-)	149,815,727 (-)	1,500,000,000 (-)
Principal Liquid Option Inst. Prem. Plan - DD reinvestment	299,979,001 (-)	3,000,000,000 (-)	301,166,552 (-)	3,001,875,642 (-)
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	209,032,897 (19,993,802)	2,090,976,971 (200,000,000)	209,271,003 (20,020,589)	2,093,358,773 (200,267,959)
Reliance Liquid Plus Fund – Institutional Option - Growth Plan	302,758 (-)	321,952,406 (-)	302,758 (-)	323,729,293 (-)
Reliance Liquidity Fund-Growth Option	42,915,194 (-)	500,000,000 (-)	42,915,194 (-)	506,552,406 (-)
Reliance Liquid Plus Fund – Institutional Option - Daily Dividend Plan	1,634,939 (-)	1,636,717,686 (-)	161,997,233 (-)	1,667,500,000 (-)
Stan Chart Grindlays Floating Rate Fund-LT-Inst Plan B-Daily Div.	330,643,697 (-)	3,308,231,512 (-)	332,757,668 (-)	3,329,389,348 (-)
Stan Chart Liquidity Manager – Plus - Daily Dividend	2,904,390 (199,980)	2,905,000,000 (200,000,000)	2,905,626 (200,676)	2,906,236,249 (200,696,310)
Stan Chart Liquidity Manager	39,950,062 (-)	400,000,000 (-)	40,149,340 (-)	401,995,262 (-)
TATA Liquid Super High Investment Fund - Daily Dividend	1,794,494 (-)	2,000,000,000 (-)	1,795,767 (-)	2,001,419,284 (-)
TATA Floater Fund - Daily Dividend	120,835,775 (-)	1,212,659,508 (-)	124,556,579 (-)	1,250,000,000 (-)
UTI Liquid Cash Plan Institutional - Daily Income Option - Re-investment	27,759,867 (1,118,254)	28,299,677,073 (1,138,485,048)	27,811,051 (1,120,041)	28,351,856,202 (1,141,821,390)

Notes forming part of the Accounts

SCHEDULE | 15 | NOTES TO ACCOUNTS (Contd.)

14. Details of Investments purchased and sold during the year ended March 31, 2008 (Contd.)

Particulars	Purchased		Sold	
	No. of Units	Amount (in Rupees)	No. of Units	Amount (in Rupees)
UTI Liquid Plus Fund Institutional Plan-Daily Income Option - Re-investment	7,558,310 (-)	7,559,927,472 (-)	7,625,751 (-)	7,627,382,662 (-)
UTI Liquid Plus Fund Institutional - Growth Option	1,317,544 (-)	1,074,616,831 (-)	1,332,499 (-)	1,086,812,911 (-)
UTI Liquid Cash Plan - Growth Option	830,413 (-)	1,073,600,000 (-)	830,413 (-)	1,074,616,831 (-)
Total - (B)		167,991,742,754 (11,676,663,137)		168,790,810,587 (11,703,343,860)
Total - (A) + (B)		167,991,742,754 (12,454,954,637)		168,790,810,587 (12,483,980,160)

Note: Previous year figures are mentioned in brackets

15. Managerial Remuneration

(Amount in Rupees)

		2008	2007
a.	Salaries	30,256,452	-
b.	Perquisites and Other allowances	14,542	-
c.	Contributions to Provident and Other Funds	2,420,516	-
d.	Sitting Fee paid to Non-Executive Directors'	1,420,000	
e.	Commission	19,741,550	-
Total		**53,853,060**	**-**

Note: The above figures do not include provision for gratuity, superannuation and premium for personal accidental policy, as the same are determined for the company as a whole.

16. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and calculation of commission payable to Whole-time Directors.

(Amount in Rupees)

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Profit after Tax	626,982,982	-
Add:		
Managerial Remuneration	52,433,060	-
Provision for Taxation	28,430,269	-
Depreciation as per Profit and Loss Account	1,293,226	-
Less:		
Depreciation as per section 350 of the Companies Act,1956	1,293,226	-
Net Profit in accordance with Section 349 of the Companies Act,1956	707,846,311	-
Total remuneration including commission payable		
Executive Chairman @ 5%	32,770,662	-
Managing Director @ 3%	19,662,397	-
Commission restricted to		
Executive Chairman	12,457,285	-
Managing Director	7,284,265	-

Notes forming part of the Accounts

SCHEDULE | 15 | NOTES TO ACCOUNTS (Contd.)

17. **Additional information pursuant to paragraph 3, 4, 4A, 4B, 4C and 4D of part II of Schedule VI of the Companies Act, 1956:**

a) Remuneration to Auditors

(Amount in Rupees)

	2008	2007
Audit fees (including Service Tax)	1,123,600	1,123,600
Other certification fees (including Service Tax)**	330,000	**6,570,406
Out of Pocket Expenses**	252,489	**451,329
Total	**1,706,089**	**8,145,335**

Note:

** Includes an aggregate of Rs. 6,071,500 incurred in relation to the Initial Public Offer of Equity Shares and accordingly has been adjusted against the share premium included in Schedule 2 as at March 31, 2007.

b) Expenditure in Foreign Currency (on payment basis)

(Amount in Rupees)

Particulars	2008	2007
Travelling expenses	1,588,792	2,605,701
Professional and Consultancy charges	19,734,716	56,861,760
Others	751,460	-
Total	**22,074,968**	**59,467,461**

18. **Disclosure as per Clause 32 of the listing agreement**

(Amount in Rupees)

Particulars	Name of the Company	Balance as at		Maximum amount outstanding during the year	
		March 31, 2008	March 31, 2007	2008	2007
Loans and advances to subsidiary company where there is no interest	GVL Investment Private Limited	118,895,000	150,495,000	150,495,000	521,000,000
Loans and advances to subsidiary company where there was no repayment schedule and no interest	Vemagiri Power Generation Limited	-	-	-	220,000,000

19. **Information pursuant to paragraphs 3, 4, 4A, 4B, 4C and 4D to the extent either Nil or Not Applicable has not been furnished**

20. **Previous year's figures have been regrouped and reclassified, wherever necessary, to conform to those of the current year.**

For and on behalf of the Board of Directors

P. Rama Krishna
Partner
Membership Number 22795
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Bangalore
Date : May 21, 2008

G.M.Rao
Executive Chairman

G. B. S Raju
Managing Director & Group CFO

A. S. Cherukupalli
Company Secretary

Cash Flow Statement

(Amount in Rupees)

		Year ended March 31, 2008	Year ended March 31, 2007
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax and Extraordinary Items	655,413,249	52,719,691
	Adjustments for :		
	Depreciation	1,293,226	1,988,151
	Provision for diminution in the value of investments	65,363,174	56,906,860
	(Profit)/Loss on sale of investments	(80,732,124)	(2,344,800)
	Fixed Assets written off	-	1,176,462
	Dividend Income	(751,312,159)	(192,489,674)
	Interest Income	(176,358,242)	(141,454,607)
	Finance Charges	253,655,318	199,550,837
	Operating Profit Before Working Capital Changes	**(32,677,558)**	**(23,947,080)**
	Adjustments for :		
	(Increase)/Decrease in Trade and other receivables	(640,926,021)	(13,670,045)
	Increase/(Decrease) in Trade Payables	116,526,626	2,600,083
	Cash generated from Operations	(557,076,953)	(35,017,042)
	Income Taxes refund/(paid) during the year	(8,458,915)	(37,912,805)
	Net Cash Flow from/(used in) Operating Activities	**(565,535,868)**	**(72,929,847)**
B.	CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(14,551)	(130,844)
	Purchase of Long Term Investments - (including Share application money)	(11,273,837,206)	(8,630,172,897)
	(Purchase)/Sale of Investments - Short Term	(32,161,271,214)	(406,150,436)
	Interest Income Received	186,660,329	96,373,252
	Dividend Received	746,516,831	711,414,645
	Net Cash Flow from/(used in) Investing Activities	**(42,501,945,811)**	**(8,228,666,280)**

Cash Flow Statement (Contd.)

(Amount in Rupees)

	Year ended March 31, 2008	Year ended March 31, 2007
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Secured Loans	3,125,531,290	766,230,403
Repayment of Secured Loans	(205,500,000)	(753,359,836)
Proceeds/(Repayment) from/of Unsecured Loans (Net)	(100,000,000)	(867,491,266)
Loan (given) to/received from a subsidiary company (Net of repayments)	(708,400,000)	(150,495,000)
Issue of equity shares (including share premium) (Refer Note 2 below)	39,020,873,906	12,684,263,040
Financial Charges paid	(174,723,818)	(209,206,102)
Net cash from/(used in) financing activities	**40,957,781,378**	**11,469,941,239**
Net increase/(decrease) in Cash and Cash Equivalents	**(2,109,700,301)**	**3,168,345,112**
Cash and Cash Equivalents at the beginning of the year	**3,191,196,737**	**22,851,625**
Cash and Cash Equivalents at the end of the year	**1,081,496,436**	**3,191,196,737**

Notes:

1 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

2 For the year ended March 31, 2008, the amount received is towards the issue of Equity Shares under Qualified Institutional Placement (QIP) and is net of Rs. 627,295,076 and Rs. 9,545,787 expenditure incurred in respect of issues of shares under QIP and Initial Public Offer (IPO). For the year ended March 31, 2007, the amount received is towards issue of Equity Shares by way of preferential allotment and IPO and is net of Rs. 706,703,400 expenditure incurred in respect of IPO.

3 Previous years figures have been regrouped and reclassified to conform to those of the current year.

4 Cash and Cash Equivalents includes restricted Cash and Bank balance amounting to Rs. 65,400,000 (2007: Rs. 2,565,400,000).

This is the Cash flow referred to in our report of even date.

For and on behalf of the Board of Directors

P. Rama Krishna
Partner
Membership Number 22795
For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Bangalore
Date : May 21, 2008

G.M.Rao
Executive Chairman

G. B. S Raju
Managing Director & Group CFO

A. S. Cherukupalli
Company Secretary

Balance Sheet Abstract

Information pursuant to the Provisions of Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	034805	State Code	08
Balance Sheet Date	31 (Date) 03 (Month) 2008 (Year)		

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	39657141

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	60837710	Total Assets	60837710
Sources of Funds			
Paid-up Capital	3641304	Reserves & Surplus	52404369
Secured Loans	4691762	Unsecured Loans	100000
Deferred Tax Liabilities	275		
Application of Funds			
Net Fixed Assets	6776	Investments	47803096
Net Current Assets	13027838	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of Company (Amount in Rs. Thousands)

Gross Income	1121964	Total Expenditure	466550
Profit/Loss Before Tax	+ 655413	Profit/(Loss) After Tax	626983
Earnings Per Share in Rs.	0.37	Dividend Rate (%)	NIL

V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)

Infrastructure Development & Contract Business.

Item Code No. (I T C Code)	NA
Product Description	NA

Sitting: **Mr. G.M. Rao** - Group Chairman

Standing from left to right:

Mr. Srinivas Bommidala, Chairman – Highways and Urban Infrastructure

Mr. G.B.S. Raju, Chairman – Corporate and International Business

Mr. P.M. Kumar, Executive Director - Group Corporate Development

Mr. K. Balasubramanian, Chairman – Corporate Social Responsibility

Mr. Kiran K. Grandhi, Chairman - Airports

Mr. B.V. Nageswara Rao, Chairman - Energy

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